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GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VIII No. 10

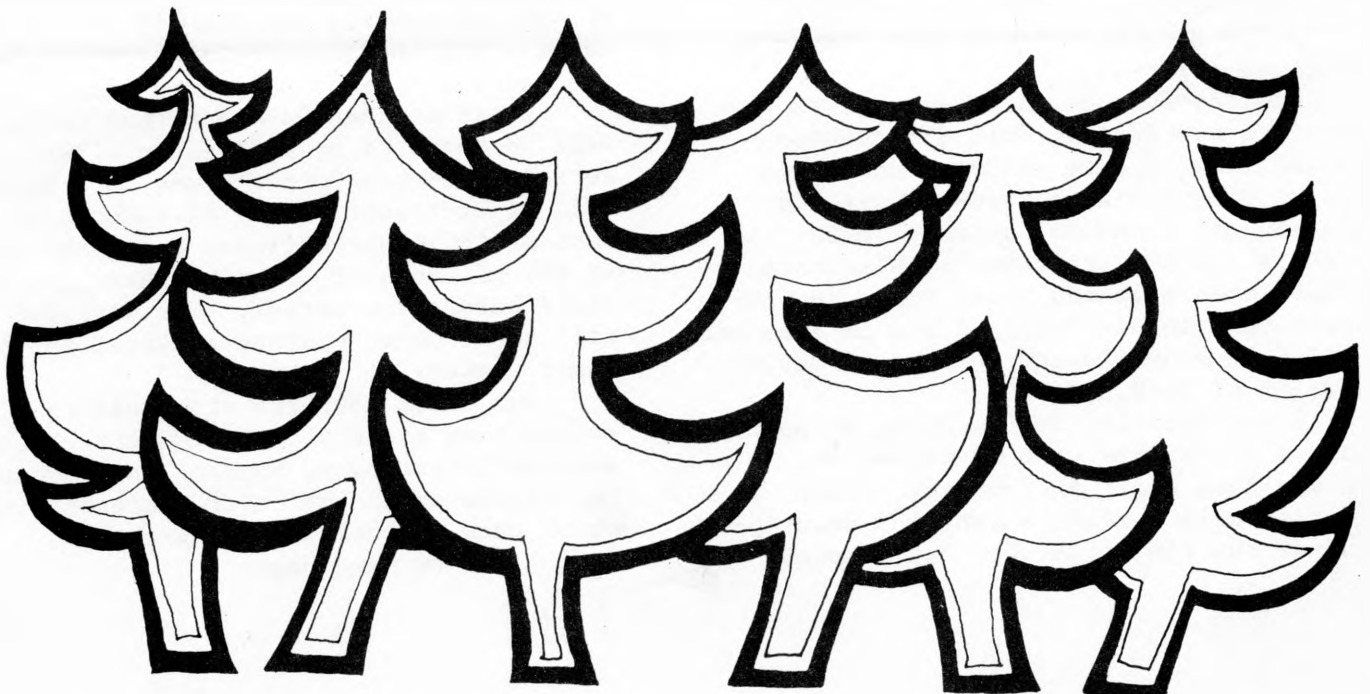
MILLINOCKET, MAINE

December 22, 1969

*May the Peace and Joy
of Christmas abide with
you and your families
throughout the New Year*

Sincerely

Robert H. Jackson
President



Paper production for eight weeks ending November 23. . . .

	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Production:				
Cedar Springs	95,750	1,983	106,053	1,899
East Millinocket	60,334	1,077	61,385	1,096
Millinocket	49,290	880	51,297	916
	205,374	3,940	218,735	3,911

UP-TO-DATE REPORT ON MERGER PLAN SENT TO STOCKHOLDERS

Shareowners Will Get Detailed
Plans with Proxies in February

(The following letter, signed by Peter S. Paine, Chairman of the Board, and Robert A. Haak, President, was enclosed in the 1969 Annual Report and sent to Great Northern Paper Company stockholders on December 19, 1969.)

We are writing to inform you of the progress of our plan to join forces with Nekoosa-Edwards Paper Company. This was first announced October 15, 1969, when we signed a memorandum of intent.

This week the Boards of Directors of both companies unanimously approved and authorized the officers to sign a definitive Plan and Agreement of Merger. After this has been signed, it will be submitted to the stockholders of both companies for their approval.

Nekoosa-Edwards is an integrated pulp and paper manufacturer and distributor specializing in fine business communication papers, business forms papers and printing and technical papers. Headquarters are in Port Edwards, Wisconsin. It has three pulp and paper mills in Wisconsin, one in New York and one in Arkansas. In 1968, Nekoosa-Edwards earned \$5,000,000 on sales of \$140,000,000.

Proxy material is now being prepared that we anticipate will be mailed to stockholders early in February. This material will contain a detailed description of the Plan of Merger and complete

financial statements of Nekoosa-Edwards, as well as Great Northern. We urge you to read the proxy statement carefully when it arrives; however, for your preliminary information we are describing some of the more important features of the Plan.

Assuming the stockholders of both companies approve and that the Internal Revenue Service has issued a ruling that the transaction will be a non-taxable reorganization, Nekoosa-Edwards Paper Company will be merged into Great Northern which will be renamed "Great Northern Nekoosa Corporation." Immediately following the merger, all the real properties, mills, equipment, inventories and operating assets acquired from Nekoosa-Edwards by Great Northern Nekoosa as the result of the merger will be transferred to a new wholly-owned subsidiary. The officers of this subsidiary will be the same as those of Nekoosa-Edwards immediately before the merger, and the new subsidiary will operate under the Nekoosa-Edwards name.

Great Northern's assets and business will be operated as a division of Great Northern Nekoosa Corporation. Mr. Haak will be President of the division with most of the other officers being the same as the officers of Great Northern immediately before the merger. The division will continue to operate as Great Northern Paper Company.

Our Great Northern stockholders will continue as stockholders of Great Northern Nekoosa Corporation, holding the same number of shares of Common or Preferred stock which they now hold, without change.

(continued on next page)

(continued from Page 2)

As a result of the merger, stockholders of Nekoosa-Edwards will be entitled to receive, for each Common share they now hold, one-half share of Great Northern Nekoosa Common stock and an eighth of a share of a new \$20.00 Convertible Preferred stock entitled to cumulative dividend at the rate of \$1.60 a year. The conversion price will be established at 20% above the market value of Great Northern's Common stock during a ten day period preceding the mailing of the proxy material. Holders of Great Northern's convertible debentures will retain their present securities and rights; holders of Nekoosa-Edwards Preferred stocks will be entitled to receive Great Northern Nekoosa Preferred stocks having similar dividend and liquidation conversion rights.

Great Northern Nekoosa Corporation will have a Board of Directors consisting of ten members designated by Great Northern and four members designated by Nekoosa-Edwards. Mr. Paine will be Chairman of the Board and President, and Samuel A. Casey, currently President of Nekoosa-Edwards, will be Chairman of the Executive Committee. It is anticipated that within a year Mr. Casey will move to the New York City area, at which time it is intended that he will be elected President of Great Northern Nekoosa, and Mr. Paine will continue as Chairman and Chief Executive Officer.

Nekoosa-Edwards will give to Great Northern product and geographical diversification. The combined talents of both organizations, together with a broader product and marketing base, will enable the combined companies to grow at an accelerated rate.

MILLINOCKET

New Machine Makes Headers in One Operation. A new Round Head Cutter machine has been placed in tandem with the existing Rotary Cutter at Millinocket to convert

headers directly from flat sheets.

By positioning the two machines in tandem, the task of converting wrapper stock from rolls to sheets to headers is completed in a single operation, resulting in product improvements and considerable labor savings from past converting operations.

The round heads thus converted are supplied to both Northern Division mills for use as inside and outside roll packaging in the finishing operation.

The machine, designed and built by Kinsey Engineering and Development Co., Augusta, Maine, is capable of producing round heads from wrapper rolls at the rate of 90 to 100 heads per minute during actual operation. It was installed at the Millinocket mill in late September.

The principle of the machine, which is controlled automatically, is a cycling feed table for the square sheets, air cylinders on timing devices and limit switches. These are all interconnected so that when the cycle begins, four sheets are fed to the cycle table from the Rotary Cutter.

The four sheets move directly from the cycle table into a shear-cutting slitter, thus giving them momentum to feed through the slitter by means of a clamping center axis pivot.

Upon completion of the full circle, an offset pivot, timed in sequence with the finish of the cut, clamps the four round sheets and conveys them to a belt conveyor for automatic stacking of the heads. Trim feeds off the slitter and into a broke cart for repulping to the wrapper machine.

* * *

Pulpwood Is Stockpiled for Emergency.

About 8,000 cords of rough spruce and fir will be available for emergency use in the event sudden winter storms delay truck and rail deliveries. As of Thursday, December 11, about 6,500 cords had been stockpiled at Millinocket.

MILLINOCKET (continued from Page 3)

Butt End Shredder Installed in the groundwood mill. This machine, called an Eat-Rite Hog by its manufacturer, The Jacksonville Blow Pipe Co., Jacksonville, Florida, shreds the butt ends from the long log slashed for use as pulp. This is another step in the full utilization of wood received at the Millinocket mill.

* * *

Four Refiner Units Are Now Running at Same Speed. Modifications have been made on No. 2 Bauer refiner to reduce the speed of this unit from 2,400 rpm to 1,200 rpm to conform with the other three refiners. With four identical unit refining groundwood rejects, a reduction in the crudes is anticipated.

* * *

Barking Drum Repair Completed. This project involved the replacement of the entire outlet section and the inlet rim. All four barking drums are now in full operation.

* * *

Final Bids on No. 11 Paper Machine Sent Out. Meetings have been held with prospective suppliers for the new No. 11 Paper Machine at Millinocket. This machine, which is part of the previously announced \$45 million expansion program, will operate at speeds of 3,000 feet per minute. Trim size, 295 inches at the winder, will make it the Company's widest machine. Currently, GN's widest machine is No. 6 at East Millinocket with a wire width of 290 inches and a trim of 272 inches.

Preliminary engineering is also underway for the design of the building which will house the new high-speed machine and related equipment. The building will measure approximately 700 feet long by 100 feet wide. Chas. T. Main, Inc., Boston, has been retained to provide detailed design work on the new paper machine in-

stallation, building and machine shop.

Commitments have been made to the General Electric Company for a 50,000 KW Turbo-Generator, and to Riley Stoker, Worcester, for a 600,000 pound per hour power boiler. Stone & Webster, Inc., Boston, have been hired as consulting engineers on the two projects.

Construction on these projects is scheduled to begin after May 1, 1970.

WOODLANDS - North

Snowmobilers Asked to Use Only Unplowed Roads. A policy governing the use of snowmobiles on Company timberlands and roads has been issued again this winter by the Woodlands office in Bangor.

In the interest of public safety, all plowed roads on Great Northern lands will be closed to snowmobiles. However, cars and trailers may use plowed roads to get to the following authorized unplowed areas:

1. Piscataquis County. Ripogenus Dam-Sourdnahunk Road via Frost Pond for access by snowmobiles to Baxter State Park, Sourdnahunk, Telos, Chamberlain Lake and the Allagash. Parking for cars and trailers will be provided at Frost Pond and also at the junction of the Telos road near Harrington Lake.

Jo-Mary Road to Johnson Pond. Cars and trailers may be parked at the GN Jo-Mary woods camp for access by snowmobile to many miles of unplowed roads on Jo-Mary Mountain. Snowmobilers may also park at Jo-Mary Campground which will be open for access to Jo-Mary Lakes by snowmobile.

There will be a marked trail from Millinocket Lake to Togue Pond sponsored by the Millinocket Snowmobile Club, "The Northern Cruisers," which will provide access to the perimeter roads of Baxter State Park and the Allagash country.

2. Somerset County. Cars and trailers may be parked at Seboomook Campground and Northeast Carry for access to the Moosehead Lake and Lobster Lake areas. (continued on next page)

WOODLANDS - North (continued from page 4)

3. Aroostook County. Red River Road. Leave cars at St. Froid and enter Red River Road by snowmobile for many miles of unplowed roads. American Realty Road. Drive cars to Russell Crossing, T11-R8. Park cars and trailers just before Russell Crossing Bridge.

Fish River Lake Road. Drive to Wilmer Saucier's woods camps where space for the parking of cars will be provided along the road between the camps and the dump area. This will give snowmobilers access to the Red River Sporting Camps which will open this winter for snowmobile recreationists.

Since the new trucks and trailers that haul tree-length wood to the mills are much larger, the Company urges strict compliance with these regulations. The new trucks can pose a hazard to the small snowmobiles climbing out of highly banked wood roads.

Persons using Great Northern's private roads do so at their own risk. Questions about the use of Great Northern roads should be directed to the Woodland Area Superintendents at Pittston Farm, Millinocket and Sheridan, Maine.

* * *

Gov. Curtis Names Bartram to Commission. A Maine Land Use Regulation Commission has been appointed by Governor Kenneth M. Curtis. Phillip H. Bartram, Public Relations Supervisor in the Bangor Woodlands Office, was one of the four men picked to serve as a member. The Commission will act as a zoning board in unorganized and de-organized townships and mainland plantations, except for Indian reservations.

* * *

Abol Bridge Repaired. Abol bridge, one of the major river crossings for tree-

length wood from the Chesuncook area and bound for the Millinocket mill, was back in normal operation on December 3. The bridge was damaged in October when side trusses were bent by the blade of a bulldozer that was being transported across the bridge on a flatbed trailer.

* * *

New Bridge Is in Place. A wood and steel bridge has been constructed across the West Branch of the Penobscot, just north of Big Eddy. The bridge, a replacement for the one washed out last Spring, enables trucks to avoid the hazardous and winding road north of the dam at Ripogenus.

* * *

Tibetan Training Completed. Formal cordcutter training for 21 Tibetan immigrants, who came to Great Northern this summer, has been completed, and the men are being moved into regular production crews as fast as the equipment can be furnished. Woodlands officials feel the Tibetans have the ability as well as the enthusiasm to eventually reach the production capabilities of the more experienced Canadian and American woodsmen.

* * *

Fewer Leases Issued in 1969. A total of 115 new leases were issued by Great Northern in the last fiscal year that ended on September 28, 1969.

According to G. Robert Godin, Supervisor Leases and Stumpage Agreements, this figure represents a decline over past years, due principally to the relative inaccessibility of shore lots currently available for lease.

Mr. Godin said there are presently 2,780 leases in effect on GN timberlands. The great majority, he said, are cottage site leases on various lake shores.

Surprisingly, over 300 leases are (continued on next page)

WOODLANDS - North (continued from Page 5)

held by persons living in 21 different states in the United States and in two Canadian provinces. The greater portion of leases are held by Maine residents.

* * *

Fertilization Effects on Northern Timberlands Studied. The Company is currently engaged in three studies that are designed to measure the effects of fertilizer application to forest stands.

Two of these studies began in 1966 on the Pittston management block. The third study is a joint endeavor between private landowners and utilizes the staff and facilities of the University of Maine's School of Forest Resources, the U. S. and State Forest Services.

In the initial project, the effects of lime and fertilizer, coupled with herbicidal controls on even-aged management areas, is being measured. This study will continue through the cutting cycle to provide management with alternatives in future planning.

The second study is on a fully stocked spruce-fir stand which is about half grown (about midway through the cutting cycle). The primary objective of this investigation is to measure the effect fertilizers have in reducing the cutting cycle while at the same time increasing yield and quality over a shorter period.

In both studies, the careful management and record-keeping of yields and past practices going back to 1899 will aid in assessing the new findings.

For the third investigation, the possibility of using a heavy one-shot application of fertilizer five to ten years prior to harvest is being examined. This approach, which has been likened to the fattening of hogs and feedlot conditioning in the meat industry, offers some interesting possibilities because of the reduced risk, easy accessibility and short recapture period involved.

* * *

Park Directors Seek More Land Gifts.
At the annual sessions of the National

Conference of State Parks, held two months ago in Crawford Notch, New Hampshire, the park directors were unanimous in the position that there just isn't enough money available for the purchase of all the land they want and need. So, new approaches have to be adopted.

New Hampshire park director, Russell B. Tobey, described how his state is approaching further development of park use without heavy expenditure of money.

"Old practices," said Tobey, "must be revised to meet new needs. We must explore possibilities of obtaining easements, agreements, gifts, and perhaps subsidies."

Under the easement program, the landowner keeps title to his land. But he sells, for a price, certain restrictions on its use--and the State pays for those restrictions. Thus, an owner may surrender the right to remove trees from his land. And he may agree to certain park uses of his land.

By this method, the State obtains certain park uses of desirable land, in perpetuity, for a relatively small cost. Tobey noted that New Hampshire is working out agreements with owners of land along 13 miles of the Androscoggin River, under which the owners will retain title but permit certain public uses of their land.

WOODLANDS - South

Mechanization Needed to Offset Labor Shortage. Southern Division Woodlands held its annual Wood Dealers meeting in Panama City, Florida in late October.

The theme of the meeting was "Mechanization-An Answer to Great Northern's 1970 Wood Requirements."

Sixty-nine wood dealers and their employees attended the meeting along with representatives of the Company and their guests.

Several wood dealers took part in the afternoon program, and they informed the group about the important role mechanization played in their pulpwood production.

During the panel discussions, it was mentioned that mechanization is a "must" due to labor shortages. One speaker said labor problems are in part attributable
(continued on next page)

WOODLANDS - South (continued from Page 6)

to the ups and downs of wood orders. It was pointed out that, historically, the Southern paper industry has slowed down production and cut back wood orders during periods when labor is more plentiful and increased production when woods labor is scarce. As a result, many laborers have secured employment that is less subject to seasonal fluctuations and are no longer available for woods work.

Bruce P. Ellen, Vice President-Southern Division, addressed the group regarding wood quality and the 1970 market outlook for kraft linerboard.

TRANSPORTATION

Dunnage Bag Trials Prove Successful.

In conjunction with the Transportation Department, the East Millinocket mill is conducting a test program using inflatable rubber and plastic bags as dunnage in rail car shipments.

Trials conducted as of this date on double-tier and top-tier bilge loads have significantly reduced damage, Carl H. Reed, Mill Manager-East Millinocket, reports.

The inflatable bags, which are deflated before unloading, reduce rail transit damage by preventing bilge-loaded rolls from moving about during shipment. In addition, where roll width does not permit double tiers on end, the bags make it possible for the Company to increase the total number of rolls loaded and take advantage of the more favorable incentive freight rates.

Both returnable (rubber) and disposable (plastic) type dunnage bags are being tested with favorable results.

SALES AND SERVICE

9.7 to 9.95 Million Tons of Newsprint Needed by U. S. Newspapers in 1970. Total usage of newsprint in the United States next year is expected to move as high as 9.95 million tons, according to a forecast by the Newsprint Association of Canada, and 9.7 million tons, according

to Dr. Jon G. Udell in a study for the American Newspaper Publishers Association.

Stanford Smith, General Manager, ANPA, told EDITOR & PUBLISHER magazine that consumption of newsprint by U. S. newspapers in 1969 amounted to a total of 9.6 million, just as predicted by the Association 10 years ago.

In 1969, growth of newsprint consumption exceeded the growth of the economy, the analysis by Dr. Udell indicated. An end to U. S. involvement in Vietnam, Dr. Udell suggested, could result in a sharp increase in newspaper circulation among young families, and the newspaper should become an even more attractive advertising medium.

Looking at circulation figures for the past decade, Dr. Udell observed that the greatest growth (18%) occurred in communities of less than 100,000 population. Sunday papers in those same locations increased 28% in circulation.

Next largest gains--13% weekday and 18% Sunday--were in the 100-125,000 cities. Weekday sales were little changed in cities over 500,000 population, while Sunday circulation rose 9%.

While newspapers in the largest cities continued to be the largest users of newsprint, the increase of 522,000 tons represented the smallest rate of growth--29%--among the various sized cities.

Aggregate newspaper circulation was down only in the Northeast--1968 versus 1958, according to Dr. Udell's compilations. Slight gains were noted in the North Central area and substantial gains were shown for the South and West.

* * *

Export Customer Visited. Joseph V. Carena, General Sales Manager, and James M. Giffune, Control Superintendent at Millinocket, were in Turin, Italy during the week of December 1 to observe the running of directory paper from the Millinocket and East Millinocket mills at the Ilta Co. This company prints all the telephone directories in Italy. The paper is purchased by S.E.A.T.

" P E R S O N N E L I T I E S "

NEW EMPLOYEES

JAMES M. FRENCH has joined the Southern Division as an Associate Forester, reporting to James R. Bush, Area Superintendent. Prior to joining Great Northern, Mr. French was employed in the Woodlands Department of Georgia Kraft Company, Rome, Georgia.

* * *

KENNETH A. GREENE has joined the Controller's Department as Tax Manager, reporting to Peter F. Yacavone, Controller. He will be responsible for the coordination of the tax function of the Company and its subsidiaries. Mr. Greene graduated from City College of New York in 1951 with a Bachelor of Business Administration degree and holds a Bachelor of Law degree from Brooklyn Law School and a Master of Law degree from New York University School of Law. He will be located in the New York office.

PROMOTIONS

EDWARD A. LUMBERT, Northern Division, has been promoted to the newly created position of Assistant Manager-Purchased Wood, reporting directly to R. A. Leadbetter, Superintendent-Purchased Wood. In addition, he will also be available to the Director, Purchases and Stores for special assignments throughout the Pulpwood Procurement Department.

ORGANIZATIONAL CHANGE

WAYNE L. MANGLES, Market Research Director, reports to Howard Willets, Jr., Director of Marketing, Northern Division, effective December 15. The Market Research group will continue to do statistical and analytical work for all product groups in the Company, but with major emphasis on market planning for the Northern operations.

TERMINATIONS

PHILLIP A. MITCHELL has resigned from his position of Systems Analyst in the Administrative Services Department at Millinocket.

* * *

ROBERT F. LARKIN has resigned from his position of Cost Assistant in the Central Engineering Department at Millinocket.

DEATH

DAVID I. TURNBULL, former Newsprint Salesman, died on December 8. Mr. Turnbull began his 45-year career with Great Northern in 1920 in the Treasury Department. He joined the Sales Department in 1932, and headed up the Cincinnati office from 1960 until it was closed four years later. For the year prior to his retirement in 1965, Mr. Turnbull was with GN's Chicago office.





GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VIII No. 9

MILLINOCKET, MAINE

November 24, 1969

STRONG 4th QUARTER SALES SPURT SENDS SALES, EARNINGS TO RECORD LEVELS

Record sales and earnings for the fiscal year ended September 28 were announced by Peter S. Paine, Chairman and Chief Executive Officer of Great Northern Paper Company on October 31.

On the same day, Robert A. Haak, President of the Company, reported that the Board of Directors had voted approval of an 8% contribution to the Incentive Profit Sharing Plan. An identical amount was declared in 1968.

Mr. Paine said net income amounted to \$15,225,000 as compared with \$14,976,000 in fiscal 1968. Sales, he said, rose 12 percent to \$175,581,000, and shipments of newsprint, printing papers and containerboard climbed from 1,308,000 tons in 1968 to an all-time high mark of 1,407,000 tons.

Profit from operations amounted to \$29,582,000 at the close of the fiscal year, an increase of 12 percent over the same period last year.

Earnings per Common and Common equivalent share (primary earnings) were \$4.61 as compared with \$4.60 the prior year. Fully diluted earnings were \$4.45 as compared with \$4.43 and were determined on the assumption that the convertible debentures were converted.

Mr. Paine said earnings for the last quarter of 1969 were favorably affected by an increase in containerboard prices

in August and excellent operating conditions at the Southern mill.

In his notification to participants in the Profit Incentive Plan, Mr. Haak said the 8% contribution was made "after careful and thoughtful deliberation." The President implied that the contribution might have been more had there been a greater improvement in earnings, which he noted were virtually unchanged (\$4.61 vs. \$4.60).

"However, during 1969," he went on to explain, "the Company invested \$15,250,000 in capital programs. Thus, the relatively static earnings for 1969 did not keep pace with the Company's new investments. Indeed, the return on the Company's investment actually decreased from that of last year."

In spite of this situation, Mr. Haak said, 1969 must be considered a year of "substantial achievements." He said these achievements include the first full year of operation for all three machines at Cedar Springs, and the startup on September 24, 1969 of the new magnesium oxide (MgO) chemical recovery system at Millinocket.

Mr. Haak urged all employees to strive to overcome the difficulties that still hinder our "future path to success." He cited constantly increasing operating costs as being one area which exerts a "persistent restraint on maintaining and improving the return on our investment." (continued on next page)

Paper production for four weeks ending October 26. . . .

	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Production:				
Cedar Springs	39,787	1,938	54,691	1,953
East Millinocket	30,073	1,074	30,552	1,091
Millinocket	23,856	852	25,623	915
	93,716	3,864	110,866	3,959

(continued from page 1)

For the complete financial highlights of the fiscal year, turn to page 8.

The Annual Report will be distributed to stockholders and employees the middle of December.

* * *

Company Car Is at Your Service. Responsibility for dispatching the Company-owned station wagon has been placed with the Transportation Department's office in New York. Employees are encouraged to make use of the vehicle for trips within New York City and from the office to the airports. "It is our desire to obtain better utilization of the car for the convenience of the employees," Jerry D. Perkins, Director of Transportation, said. When making future travel plans, please contact Mrs. Junemary Fischer.

* * *

Revenue from Timber Sales Hits New High. In the North, the Company earned \$1,855,823 during fiscal 1969 from the sale of uncut timber (stumpage) to other companies in Maine and Canada. The amount produced was an all-time high. Comparative dollar sales show: 1945--\$72,000; 1950--\$177,000; 1955--\$570,000; and 1964--\$1,291,472. The stumpage was purchased from Great Northern Paper primarily by sawmills.

How Wall Street Reacted to Merger Plan. "Wall Streeters," according to the Journal of Commerce, "seem to think the proposed Great Northern Paper Co. merger with Nekoosa-Edwards Paper Co. will be a good deal."

The reason, reporter Donald E. L. Johnson wrote in the October 27 issue, is that Great Northern will "obtain greater product and geographical diversification, and Nekoosa-Edwards will receive needed financial support for its aggressive expansion program."

Analysts surveyed by the newspaper said they think both companies have strong managements that will complement each other. The paper quoted Ralph Michaud, Senior Analyst at Paine, Webber, Jackson & Curtis, Inc., as saying: "Both managements are papermakers. I think it's an attractive deal."

When the merger is completed, the newspaper said, the new company, Great Northern-Nekoosa Corporation, will rank 10th in the paper industry and 15th in the forest products industry, with combined 1969 earnings of about \$20 million on sales in excess of \$300 million.

Another analyst, Bruce Kirk, partner in charge of institutional research at W. E. Hutton, Inc., said he saw the merger as a "major step outside of the commodity grades of paper" for Great Northern; and he described the proposed move as a "quality diversification" for the Company.

Both Michaud and Kirk said they think the stock of the new Company, which will be listed on the New York Stock Exchange, will be more marketable than the shares of the two existing companies. Great Northern is listed on the New York Stock Exchange and Nekoosa-Edwards is traded Over-The-Counter.

Some Interesting Facts About Great Northern. The Company's present water storage system is capable of holding 57 billion cubic feet--enough to give every person on earth 125 gallons.

This was one of the fascinating facts mentioned by Dr. Victor F. Mattson, Director of Research & Development, in a speech on the Company's forest management and water conservation programs in Maine, which he gave to an Ecology Conference meeting in Boston on November 4.

Other interesting points gleaned from Dr. Mattson's talk were as follows:

- The two Northern mills use about 46 million gallons of water per day to manufacture 1,900 tons of paper per day.

- Recent surveys indicate there is actually more usable wood on our land today than when it was purchased. This is the result of a program set up in 1903 for Great Northern by the Bureau of Forestry of the U. S. Department of Agriculture in which lands are cut on a sustained yield basis.

- The term Rule Curve is that amount of storage that should be on hand at any particular date so as to maintain a 99% probability of not running out of water.

- The 700,000 tons per year of paper produced by the Northern Division have a value of over \$100 million and provide direct employment to over 3,600 people. If this paper was all made into telephone directories, it would make a pile of books 8,500 miles high.

- The MgO recovery boiler, which weighs more than 1 million pounds, is the largest in use and only the second to be built with water-cooled walls.

* * *

Sumithion Substituted for DDT. Next spring 210,000 acres of budworm infested timberland in the Oxbow region of Aroostook County will be sprayed with Sumithion instead of DDT. The Maine Forestry District Advisory Committee recently agreed to raise the Maine Forest District tax by a tenth of a cent for 1970 to help pay for the spraying cost. Federal and State agencies will provide two-thirds of the funds.

Company Joins Others in Move to Block Rail Rate Hike. Great Northern is participating with the American Paper Institute, Southern Paper Manufacturers Traffic Conference, and Official Territory Paper Traffic Conference in an effort to have the 6% increase in rail freight charges suspended by the Interstate Commerce Commission.

The new rail rates for freight are scheduled to become effective November 18, 1969 unless suspended or postponed by the Commission.

Samuel J. Siegel, Manager, Rates & Research, estimates that the proposed 6% increase in freight charges would cost Great Northern an additional \$1,465,500 per year which breaks down to \$812,500 for the Northern Division and \$653,000 for the Southern Division. This estimate includes both interstate and intrastate traffic.

The rate increase is being opposed on the basis that the problems and deficit operations of a very few railroads do not justify a nationwide freight rate increase. It is pointed out to the ICC that 90% of U. S. railroads increased net railway operating income 11.7% in the first six months of 1969 over the same period of 1968.

The paper industry also argues that granting of a freight rate increase to offset passenger deficit leaves railroads vulnerable to barge and truck competition.

* * *

1,100 Acres Purchased. A tract with a large stand of mature timber, situated three miles from the West Branch of the Penobscot River in Little W Township at the north end of Moosehead Lake, has been acquired from Mrs. Blin W. Page, according to John T. Maines, Vice President-Woodlands. Mrs. Page is a resident of Skowhegan, Maine. The Page family will retain the shore property for future family use. They have agreed not to develop the land commercially and to notify Great Northern in the event of any future transfers outside of the family. The Company owns all of the surrounding timberland in the general area.

EAST MILLINOCKET

Speed Record Attained on No. 4. A new speed record was set on October 4 on the No. 4 paper machine at East Millinocket when it ran at 1,300 feet per minute for a 24-hour period, bettering the average newsprint running speed of 1,250 feet per minute. The machine runs at a slower rate for specialty papers.

* * *

Long Log Sawing Stopped to Catch Up on Debarking. The East Millinocket mill discontinued the sawing of long logs on October 20 for approximately four weeks. Since fresh wood received in long log form has a slower barking rate than river wood, it was feared that the mill might not have time to bark and pile a sufficient quantity of wood for the winter. At present, it is estimated that between 50,000-52,000 rough cords will have been piled in the mill woodyard by November 24. At that time the long logs operation will be resumed.

* * *

A New Caustic System for Ph Control of Process Water has been installed in the sulfite shed at the East Millinocket mill. The system allows the unloading of caustic in tank car quantities. The system replaces the previous setup which ran from the boiler house, to the chemi-groundwood plant, and back to the filter house.

* * *

Vacuum Foil Units Installed to Increase Water Removal. One Dominion vacuum-type foil unit has been installed on the fourdrinier tables of No. 5 and No. 6 paper machines. The purpose of the foil units, which are located ahead of the suction blocks, is to increase removal capacity on the fourdrinier which in turn improves the production and the quality of the paper.

MILLINOCKET

Scientific Methods Are Used in Today's Search for Commercial Ore Deposits. The tremendous amount of scientific and systematic work involved in the search for minerals is one phase of the work that most impressed R. E. Clifford, Woodlands Advisor, and E. N. Grindle, Salary & Benefits Administrator, on a recently conducted tour by a geologist of Humble Oil & Refining Company who are continuing their mineral exploration work in the State of Maine, much of which is being conducted on Company-owned lands.

Sometimes an anomaly (a favorable geological structure) is located by geochemical soil sampling, analysis of outcrops, or by sampling of stream sediments in the area. However, a more scientific way is to conduct an airborne gamma-ray spectrometer and magnetometer survey over a large area for the purpose of defining specific areas of rock alterations that might reflect mineralization. Whatever course is followed, if an anomaly is present, then a so-called "grid" is laid out on the ground by running parallel base lines at scaled intervals of about 800 feet apart. Then several types of tests are made on the ground at some 200 foot intervals along each base line. These are generally electromagnetic, magnetic and gravity geophysical surveys; and if these surveys indicate geophysical anomalies, then so-called induced polarization (I.P.) surveys are conducted at selected grid line locations to determine the if and where of areas worthy of testing with drill holes.

Humble's first area of concentrated work was in the Touge Ridge area of Township 2 Range 9. At this location, they did extensive trenching and shallow drilling during the latter part of 1968 and the early part of 1969. The final results were not indicative of an ore body, and work in this particular area has presently been abandoned. This has been the case many times over the past 30 (continued on next page)

MILLINOCKET

(continued from page 4)

years of exploration work done by various companies who have explored on Great Northern properties. A common explanation for this is the fact that glacial debris which might have originated as far away as Labrador was deposited over a large area of the State many millions of years ago. The glacial debris would often consist of rich mineral particles that were picked up at its point of origin.

Presently, work is being concentrated in the so-called "Katahdin Area" on the northern part of Township 1 Range 12. At this location, work has reached the core drilling stage in order to determine the dip or position of the anomaly and what, if any, commercial value it might possess. The first core hole was bottomed out at 691 feet, and a second core hole was bottomed out at 523 feet. Although neither of these two holes indicated the existence of a commercial mineral deposit, a third hole is now in progress; and it may take a number of additional holes before end results can be definitely determined.

* * *

Water Storage Remains High. The Penobscot West Storage now stands at 41.5 billion cubic feet.

"This is 72% of full storage and 7.5 billion cubic feet above rule curve," reports W. F. Elliott, Chief Power Dispatcher.

Mr. Elliott said above normal precipitation during the first week of November has greatly increased the inflow to storage.

* * *

No New Faces. It will be noted in the "Personnelities" section that there are no new employees listed. This is not a mistake. Both Northern and Southern Personnel Departments were checked out to be sure. According to Edwin N. Grindle, Salary and Benefits Administrator, and former editor of the Newsletter, this rarely happens.

CEDAR SPRINGS

Plywood Plant Has Record Week. New production records were established at Great Northern Plywood Corporation in practically all areas during the week that ended November 1.

Rated capacity at the plant is based on 231 thousand square feet (3/8" basis) for a 24-hour production period, and press production for the last three 24-hour days went like this: 341 thousand square feet on Thursday, 342 thousand square feet on Friday, and 359 thousand square feet on Saturday.

These three days, combined with the other three, added up to a record press production week in which the plant produced 1,928,000 square feet (3/8" basis), surpassing the previous high of 1,658,000 square feet.

W. K. Hoseid, Vice President-General Manager, attributes the record to several factors, including: manufacturing a greater quantity of three-ply, a high production item; outstanding equipment maintenance; and a newly modified layup system.

Equally important, he said, is the fine esprit de corps of the employees, which he feels has never been better.

* * *

Training Seminar Held. A training seminar for first and second line supervisors was held on October 14, 15, 21 and 22 at the Ramada Inn in Dothan, Alabama.

Fifty supervisors from the container-board mill and nine supervisors from the plywood plant completed the two eight-hour sessions. The group was broken down into two separate classes. Six topics were discussed by the supervisors. They included subjects as the supervisor's job; getting the work done; techniques of working with others; and the need for developing self-improvement.

Joseph E. Farmer, Industrial Relations Assistant, and James Salter, Safety and Training Coordinator, served as discussion leaders.

On the final day, the supervisors (continued on next page)

CEDAR SPRINGS

(continued from page 5)

attended a dinner where they were presented "Certificates of Achievement" awards by W. W. Ricketson, Sr., Mill Manager.

Mr. Farmer said he heard a good deal of favorable comment from the supervisors. This was the first training session to be held in Cedar Springs in three years, he said.

TRANSPORTATION

Directors and Officers Elected at CIRR Annual Meeting. Thirteen incumbent directors were re-elected during the annual meeting of the Chattahoochee Industrial Railroad on October 28.

Re-elected directors were: Emery E. Allain, Eustace E. Bishop, Edward L. Cowan, Bruce P. Ellen, Robert Hellendale, Leslie G. Kewer, S. G. Maddox, Sr., John J. Neely, James W. Richardson, Walter D. Sanders, R. C. Singletary, T. Hiram Stanley, and W. Henry Vanlandingham.

After the annual meeting, the directors met and elected the following officers: John J. Neely, Chairman of the Board; Edward L. Cowan, President; K. Earl Durden, Vice President-General Manager and Assistant Secretary; Emery E. Allain, Secretary and Treasurer; and B. W. Moore, Assistant Treasurer.

* * *

GN Is Cooperating with BAR in Trial Car Shipments. Two shipments of paper one to Fawcett Publications, Inc., Louisville, Kentucky, and the other to the Louisville Courier-Journal, were made September 28 and October 27 in a single-sheath wall car belonging to Great Northern Railway Company.

The Bangor & Aroostook Railroad arranged for the single deck and double deck shipments to test the features of this type of cushion underframe car. The most common type cars now in use have a double-sheath wall with the interior siding made of wood and an outer wall of metal. The new single sheath wall is metal inside and outside.

Since the cars use less material, they are less costly and lighter in weight. From Great Northern's standpoint, this means we will be able to ship heavier loads.

If the test proves successful, BAR said it plans to order 100 cars with single-sheath wall construction.

SALES AND SERVICE

Ad Salutes Carrierboys. Great Northern celebrated International Newspaperboy Day (October 11) with a special full-page advertisement in the October 11 issue of Editor & Publisher, the trade journal for the newspaper industry.

A memorable quote from a John Milton poem--"The childhood shows the man, As morning shows the day."--was featured as a headline over a photograph of a young boy (his back toward the reader) riding a bicycle while tossing a folded newspaper in the direction of someone's porch.

Body copy said: "Enterprise. Initiative. Enthusiasm. The characteristics of America's newspaperboys. Characteristics worth rewarding...which is just what we at Great Northern Paper do, with our preparatory school scholarship program, our high school editor tours, and our carrierboy summer program. On International Newspaperboy Day, Great Northern salutes the newspaperboys of America. Great Northern Paper Company. An American producer growing with America's newspapers."

A number of circulation executives have written to the Company to express their appreciation and to ask for reprints.

"In my opinion," said the Circulation Director of the Muncie (Ind.) Newspapers, "your company is doing a grand job in newspaperboy relations. Keep up the good work. Companies who think like this are a rarity."

From the Detroit Free Press, came this note: "We were quite impressed with your page ad in Editor & Publisher. Will you be kind enough to send me 225 reprints for supervisors and district managers in our circulation department."

(continued on next page)

SALES AND SERVICE

.continued from page 6)

Another letter from the Wenatchee (Wash.) Daily World's circulation department: "I believe you have a great promotion idea that could be used by all newspapers anytime of the year."

Frank J. Heinrich, Burlington (Vt.) Free Press and chairman of the International Circulation Manager's Association's Newspaperboy Day Committee, thanked Great Northern for the "tremendous contribution" to the day's activities and asked permission to use the reprint for a promotional advertisement in the Free Press.

WOODLANDS - NORTH

Hunting Headaches. Deer hunters are out in greater numbers than ever and keeping them out of "No Hunting" areas has taken some real footwork. The only restricted or "No Hunting" areas on Company lands are those surrounding the cutting operations. Slash and tops provide excellent ground feed for deer and the open conditions of the newly cut woodstands make excellent hunting areas.

* * *

Tree-Length Trucking Starts on the West Branch. The first truck loads of tree-length wood from the Grant Farm area arrived at the Millinocket Mill during the last week of October. This marked the first step in a plan to truck all wood from the West Branch Area, thereby eliminating the river drives. Initial round trip times bear out Company estimates, and future expansion to total trucking would appear to be assured.

* * *

Weather Slows Trucking. Frost and fall rains have curtailed trucking in all operating areas. This is fairly normal for this time of the year and provisions were made in advance by building up inventory in wood yards.

New Bridge Started at Big Eddy. Construction of a log crib, pier and abutment bridge, which is located to by-pass the hazardous Ripogenus Dam road area, has been started by a local contractor. The construction is slated to be completed before severe winter weather sets in and will be a part of the improved road system for tree-length trucking out of the East Branch Country.

WOODLANDS - SOUTH

2-1/2 Million Pine Trees to be Planted. Tree planting for the 1969-70 season has begun, James W. Richardson, Southern Woodlands Manager, reports. Initial operations are being handled by a contractor using seven individual tractor-drawn mechanical tree planters. Mr. Richardson noted that a total of 2-1/2 million pine seedlings have been ordered by the Company from State nurseries in Georgia and Florida for delivery to planting sites. All of the sites are Company-owned, he pointed out. Much of the area to be planted, he said, was cut over during 1968 and received mechanical site preparation to eliminate undesirable hardwood species. The cost of the seedlings varies by State. The seedlings from Georgia will cost about \$4.50 per thousand, while Florida sells seedlings at \$5 per thousand.

"All the pine seedlings we will plant this year," Mr. Richardson remarked, "will be genetically improved over the ones planted in previous years. With better seed and seedlings, we can hope to reduce our rotation length from 40 to 25 years."

If the rotation period can be reduced by 15 years without sacrificing tree quality, Mr. Richardson said, "we will have accomplished one of our major objectives in timber management."

* * *

Growth Forecast in Midwest Newsprint. Consumption of newsprint by Midwestern newspapers will reach 3,150,000 tons annually by 1975 or 25.6 percent more than was consumed in 1968.

1969 HIGHLIGHTS

	<u>September 28, 1969</u>	<u>September 29, 1968</u>	<u>October 1, 1967</u>
Net Sales	\$175,581,000	\$156,569,000	\$135,586,000
Profit from Operations	29,582,000	26,328,000	24,666,000
Income before Taxes	25,722,000	21,746,000	19,745,000
Net Income	15,225,000	14,976,000	13,745,000
Earnings per Share:			
Primary	-\$4.61-	-\$4.60-	-\$4.24-
Fully Diluted	-\$4.45	-\$4.43-	-\$4.09

" P E R S O N N E L I T I E S "

PROMOTION

GEORGE S. STOUGH, JR. has been promoted to Area Superintendent in the Manchester, Georgia area, reporting to H. J. Malsberger, Assistant Woodlands Manager. George has been with the Southern Division since September 1968.

RESIGNATIONS

GORDON W. H. BUZZA, JR., Internal Auditor in the Controller's Department at Millinocket, has left the Company.

R. BRUCE KING has resigned from his position as Senior Electrical Engineer, Engineering Department, Southern Division.

JAMES D. LAWRENCE, Accountant in the Southern Division, will enter the United States Air Force December 15 to serve a four year tour of duty.

RONALD A. SAILOR has resigned as MRPP Project Analyst in the Controller's Department at Millinocket.

RETIREMENTS

JOHN J. CORTISSOZ has retired from his position of Export Salesman in the New York Sales office.

ALBION J. THOMPSON has retired as Research Engineer in the Research and Development Department in Millinocket.



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VIII No. 8

MILLINOCKET, MAINE

October 20, 1969

GREAT NORTHERN AND NEKOOSA-EDWARDS AGREE TO JOIN FORCES

As released to the press on
October 15:

Peter S. Paine and Samuel A. Casey, chief executive officers of Great Northern Paper Company and Nekoosa-Edwards Paper Company, jointly announced that their companies have agreed to join forces through the organization of a holding company. The new affiliation was approved in principle today by the directors of both companies. Consummation of the transaction is subject to approval of a definitive agreement by boards of directors as well as stockholders of both companies.

The new company, to be named Great Northern-Nekoosa Corporation, will hold 100% of the stock of the two operating companies, which will continue under their present managements. The holding company's shares will be listed on the New York Stock Exchange. It is intended that the transaction will be a tax-free exchange.

Peter Paine, Chairman of Great Northern, will be Chairman and President of Great Northern-Nekoosa; Samuel Casey will be Chairman of the Executive Committee. The Boards of Directors will be made up of representatives of the two present boards.

The holding company will issue one common share (par value \$10.00) for each common share now outstanding of Great Northern. Holders of Nekoosa-Edwards common will receive one half a share of the new common plus one eighth

of a share of convertible preferred stock, having a stated value of \$20.00 a share, and entitled to cumulative dividends at the rate of \$1.60 per annum.

The conversion price will be established at 20% above the market price of Great Northern's common prior to the stockholders' meeting, at which the plan of reorganization is to be voted on, presumably in early 1970.

Holders of the outstanding convertible preferred stocks of Great Northern and Nekoosa-Edwards and of Great Northern's convertible debentures will receive securities similar to those they now own, with appropriate conversion privileges.

Messrs. Casey and Paine commented that the combination of these companies will not only benefit both of them but will also enable each to be stronger factors in their respective traditional markets. After noting that Great Northern and Nekoosa-Edwards have not been competitors or customers, they further stated that the two companies complement each other in numerous phases of paper production and distribution.

Nekoosa-Edwards is a leading manufacturer and distributor of fine papers specializing in business communications paper. Sales in 1968 were \$140,000,000, with earnings of \$5,000,000. The company has mills at Nekoosa, Port Edwards, and Stevens Point, Wisconsin; Ashdown, Arkansas; and Potsdam, New York.

Great Northern's 1968 profits were \$14,900,000, on sales of \$155,000,000. Products are principally newsprint, groundwood printing papers, and containerboard, (continued on next page)

Paper production fiscal year ending 9/29/69. . . .

	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Production:				
Cedar Springs	712,303	2,024	607,611	1,831
East Millinocket	378,503	1,058	393,153	1,100
Millinocket	<u>319,865</u>	<u>894</u>	<u>305,699</u>	<u>857</u>
	1,410,671	3,976	1,306,463	3,788

(continued from Page 1)
from mills in Maine and Georgia.

Simultaneously with the announced move with Nekoosa-Edwards, Great Northern's directors increased the common dividend. The new rate is 40¢ a common share, payable December 10, 1969 to holders of record November 20th. This represents an increase of five cents a quarter to an annual rate of \$1.60 - up from the \$1.40 annual rate in effect since April 1968.

EAST MILLINOCKET

Closed Broke System for Colored Grades Introduced. A closed broke system for colored grades has been placed into operation at East Millinocket. The new system returns colored broke to the paper machine running colored orders. By so doing, brightness drops are avoided in the mill-wide system.

* * *

Improved Glue Is Tested. An improved type of undiluted Swift adhesive is being tested for the purpose of improving the sealing of the wax-laminated wrapping paper that is used to enclose News R and Directory papers. In an earlier test, use of undiluted glue made by Swift had to be discontinued because seams would come apart, allowing moisture to penetrate the outer plies of the rolls. Preliminary results of this trial indicate a marked improvement over the types which were previously tested.

Less Chlorine and Caustic Required.

The MgO Recovery Plant has been in operation less than a month at Millinocket, but it is already producing some measurable results at East Millinocket where the mill reports the amount of chlorine required to neutralize contaminants in the raw water intake system has been reduced by 50%. Another result is a decreased demand for caustic, a chemical which is added to the water to maintain the proper proportion of alkali and acid. The demand for caustic has decreased by about 25% since the recovery boiler started up in September. Meanwhile, the East Millinocket mill has experienced more pitch deposits with Magnesium-base pulp, and this has resulted in greater need for pitch dispersant.

* * *

Number 5 and 6 Grinder Motors Switched to 40 Cycle. Due to high water conditions, No. 5 and 6 grinder motors were changed from 60 cycle to 40 cycle during the week ended October 6. The switch-over enables the East Millinocket mill to use the Company's own power as opposed to purchasing 60 cycle power.

* * *

Synthetic Wire Removed. A synthetic wire on No. 1 paper machine had to be removed after 13 days of use. The wire was found to have a tendency to close up, retarding pulp drainage.

MILLINOCKET

M_gO Boiler Fan Fails. A complete shutdown of the Millinocket mill was averted by fast-thinking engineers from the Millinocket and East Millinocket mills. The engineers were called into action at approximately 4 a.m. October 7, when the outboard bearing on the M_gO boiler induced-draft fan failed. At first it appeared that the 10-foot by 205-inch long fan rotor would have to be removed and sent out to have the shaft turned in a lathe so that a new sleeve could be installed to fit the new bearing. Since this would have caused the mill to shut down for as long as three weeks, it was quickly decided not to remove the fan rotor but to maintain the boiler in operation with a forced-draft fan. While the boiler was producing about 120,000 pph of steam--one-third the normal output--a bearing stand was built under the shaft and a small lathe mounted next to the shaft. Using a steam turbine drive, the shaft was rotated until the proper diameter for the new sleeve was reached. Repairs were completed during the evening of October 10.

* * *

Woodlands Management Has New Tenants. The Northern Division Purchases Department has moved into the downstairs section of the Central Street office in Millinocket. To complete the arrangements, the Woodlands Personnel Department will be moving downstairs to the front of the building. Their vacated offices will be filled by the Superintendent of Pulpwood Inventory and his assistant who are now located at the Millinocket Storehouse.

* * *

Fluidics: A New Control System at GN. Recently, the Company introduced a non-electrical system that performs several control functions on equipment at both the Millinocket and East Millinocket mills.

The system is known as fluidics.

Simply stated, fluidics involve fluids--mainly air--which, when used in special hardware, can replace electrical current. In applications where work is done pneumatically (such as opening a valve), fluidics can eliminate the need for electrical control.

Fluidic valves and amplifiers have no moving parts and are unaffected by heat, cold, radiation, shock and moisture. The paper industry, therefore, lends itself to many fluidic control applications because the presence of a moisture laden atmosphere, vibration and heat are a continuing problem in electrical and mechanical control devices.

At Great Northern, several chip sampling devices are controlled by hybrid fluidic systems. The latest application is the new grinder pocket automation system installed on No. 5 grinder on the No. 5 line. Operating levers which were previously controlled manually have been replaced by a fluidic system which automatically sequences the grinder operation. Another application of fluidics control is in cutting cores at the East Millinocket mill.

* * *

Salary and Benefits Department Moved. The Salary and Benefits Department in Millinocket has moved from the Administration Building to the former Katadhin Federal Credit Union Building at 14 Katadhin Avenue.

* * *

Tour Program for Prep School Boys Planned. A group of 12 boys have been selected by their respective schools in Connecticut and New York to participate in Great Northern's Second Paper Industry Tour Program to be held October 23-26.

The program was established by the Newsprint Sales Department to encourage youths to enroll in science courses in college that will prepare them for important technical positions, particularly those connected with the paper industry. The group will visit both mills and the E&R Building.

WOODLANDS - NORTH

Mechanical Harvesting Test Program Has 3-Fold Objective. A six-month test program was initiated on August 28 at the new Telos camp, located 50 miles northwest of Millinocket, to study mechanical harvesting techniques.

The immediate objectives of this program are: (1) to develop mechanical harvesting for small wood stands which have previously been considered too small for harvesting by conventional methods; (2) to reduce dependency of Federally-controlled bonded labor; and (3) to lower wood costs.

The initial project involves the use of a Beloit Tree-Harvester which was secured for the entire test period. This unit, operated by one man, is capable of limbing, topping and cutting stands of small tree-length wood (14 to 16 trees to the cord). A conventional cable skidder and a Pettibone skidder with a log grapple attachment are being employed in conjunction with the Tree-Harvester to obtain a complete evaluation of true mechanical harvesting.

The Beloit machine is currently producing two cords per hour. It is expected to produce three to four cords per hour when the two trainee operators become fully proficient.

* * *

U. S. Forest Service Visits Great Northern. Key members of the U. S. Forest Service from Upper Darby, Pennsylvania (regional headquarters for a 14 state-91 million forested acre area that includes GN) visited the Bangor office on October 18. After an introduction to how GN's 2-1/4 million acres are managed and administered, the party was taken to the block of land west of Ripogenus Dam where they spent two days reviewing Maine's forest history as far back as 1860 when it was the lumber capital of the world.

The group traveled through the area from Greenville to Pittston Farm, on

through the headwaters of the Penobscot River, and then back to Greenville for aerial surveillance of the country along Ripogenus. The forest service officials inspected a Company spruce plantation of 1914 and were shown early studies of growth and regeneration of timber. They also walked through lands that have been cut-over and cared for from 1910 to the present. Forest fertilization studies and various recreational development endeavors were shown along the way.

Ralph Clifford, Manager, Resource Development, and Gene Putnam, Assistant Superintendent, Division of Forest Engineering, served as the Company's representatives along the tour, which was arranged by Pulpwood Procurement.

By Federal law, each state is required to have its timber assets appraised. This is usually done at 10 to 15 year intervals. Maine's last survey was completed during the 1959-60 period. The new survey was started in 1966 by the U. S. Forest Service with assistance from the State of Maine and the Maine Forestry District, of which GN is an integral part.

* * *

River Drive Season Concluded. Another river driving season came to an end during the first week of October as the last of the 1969 drive wood was sluiced through North Twin Dam. Approximately 173,000 cords of wood were brought down in the drive which began last April at Chesuncook Lake in the north woods of Piscataquis County. It was a difficult year for driving due to heavy spring run-off which caused a heavy rear (when the water is too high, sluicing deposits logs beyond the normal highwater mark), and the fact that wood had to be dragged or carried longer distances than usual back to the streams. Labor was in good supply when the drives started, but few original crews stayed to the finish except key personnel operating boats and other equipment used in the drive. A small crew continues to clean the rear on the lower lakes.

TRANSPORTATION

Incentive Rates Produce Big Savings.

Incentive freight rates, which are applicable to newsprint, coated papers, and linerboard and corrugating medium are returning substantial savings to the Company.

Pulpboard, a broad freight classification that includes linerboard and corrugating medium, has been in effect since June 12, and in the course of three months, the savings earned have surpassed the full year estimate. On coated papers, which came under the incentive program in December 1968, savings reached the projected level in the first 10 months.

Incentive rates on newsprint were established in 1966. At the start, about 50% of the outbound rail tonnage was shipped on incentive rates. At the present time, about 85% of the newsprint rail tonnage is shipped under incentive rates.

J. D. Perkins, Director of Transportation, attributes the success of the program to teamwork. "Without close cooperation between departments involved, a large portion of the savings would not have been realized," Mr. Perkins said.

"Utilization of incentive rates," he explained, "requires a great amount of time and effort in load planning, obtaining proper size and types of cars, scheduling of orders and persuading the customer to increase his order or relax loading restrictions."

Just recently, he said, a large customer of linerboard and corrugating medium in Tennessee agreed to receive shipments loaded with 32 rolls per car instead of 24. In this case, the 8 additional rolls were loaded side on top. When loaded in this manner, Great Northern saves anywhere from \$30 to \$100 per car, depending on the distance from the mill to the destination.

In light of the railroad's petition before the Interstate Commerce Commission for authority to raise rates by 6%, "everyone," Mr. Perkins stressed, "should do their part to make still further advancements in the incentive program."

Company to Get Jumbo Hopper Cars for Chip Suppliers. Between 30 to 35 Southern Railway System Jumbo Chip Hopper cars are now being accepted by the Southern Division Transportation Department as replacements for old flat-bottom cars previously used. The Jumbo cars have a load capacity of 7,400 cubic feet as compared with 4,500 cubic feet for the flat-bottom type. In addition to the increased capacity, the Jumbo cars are easier to unload.

The cars, which are assigned to the Company to use as it sees fit, will be parcelled out to Chip Suppliers located along the southern railway route system in Alabama and Georgia.

CEDAR SPRINGS

Maintenance Shutdown Beneficial.

Despite heavy rains which hampered repairs on the stack and sewer, most of the maintenance work that had been scheduled during the week-long shutdown that began September 29 was completed at the Company's containerboard mill and plywood plant.

Bruce P. Ellen, Vice President-Southern Division, said "We accomplished more work during this shutdown than any we ever had."

No. 3 machine, which two weeks before the shutdown had averaged a record high of 477 tons of 9-point semi-chemical corrugating medium per day, or 3,338 tons for the week, was returned to production October 5 for the 12-8 shift. No. 2 and No. 1 kraft linerboard machines resumed operation on October 6.

At the plywood plant, W. K. Hoseid, Vice President & General Manager, said a number of major projects were completed during the shutdown, including the installation of an electromagnet at the Bark Hog. This device removes metals from waste bark which is later used as fuel. In addition, the lay-up system was modified to permit veneer to be fed sideways for better glue coverage.

SALES AND SERVICE

Sears Planning Nationwide Palette + Plus Newspaper Supplement. The groundwork has been laid by Sears, Roebuck & Company for the first nationwide Palette + Plus advertising campaign.

More than 800 Sears store managers received in late August samples of two full-size newspaper sections printed on the deep red and green shades of Palette + Plus paper. A bulletin accompanying the sections, prepared by the National Retail Sales Promotion and Advertising Service Department of Sears in Skokie, Illinois, suggested to the managers that they print the supplements in full color on colored stock made by Great Northern.

"You can print on regular white stock, but don't if it's at all possible," the managers were advised by Gar K. Ingraham, Sears' National Retail Sales Promotion and Advertising Manager. Mr. Ingraham described the Palette + Plus colored paper sections as having

amazing attention value."

On the basis of this move by Sears, GN's Commercial Sales Department estimates that the order could reach 4,000 tons.

In other developments, the Washington (D. C.) STAR and the Toledo (O.) BLADE have been running on a consistent basis Palette + Plus ads placed by leading department stores. PLAYBOY magazine is expected to place its third order this year for a Palette + Plus grade. They are interested this time in a blue shade. The magazine has previously used dark green and violet.

Robert P. Vivian, Director of Public Relations & Advertising for the Company, is scheduled to make an address at the New England Newspaper Advertising Executives Association Fall Conference to be held in Boston on October 27-28. Mr. Vivian will discuss how Palette + Plus can assist newspapers in selling more advertising lineage.

RESEARCH & DEVELOPMENT

Dr. Mattson to Participate in Conference on Ecology. Dr. V. F. Mattson, Director of Research & Development, will deliver an address at an Ecology Conference to be held in Boston on November 4. At the meeting, which is co-sponsored by the Association of Water Research Center Directors and the New England River Basin Planning Commission, attention will focus on the need for planning along the entire length of the Penobscot River. Dr. Mattson will discuss how GN uses the river and watershed to produce 700,000 tons of paper per year. He will mention the Company's woodland management policies and how M_gO is helping to alleviate the pollution problem. Other speakers on the program include Edward Imhoff, Director, Water Resources Center at the University of Maine, and Albert Meister, a biologist at the University of Maine

a member of the Atlantic Salmon Commission.

* * *

Light Weight Roll Wrap Performs As Well As Regular Wrap in Test. The Pittsburgh (Pa.) PRESS, a Scripps-Howard newspaper, recently received a three-carload shipment of newsprint from the Company in which half of the rolls were wrapped with a kraft paper which on a 3,000 square foot basis weighed 84 pounds less than the regular 210-pound kraft wrap. On first inspection, the rolls wrapped with the lighter paper were found to have arrived at the destination in good condition. Further study is being made on the light weight wrap with a follow-up shipment to the Toledo (O.) BLADE. The tests are part of a long term program to reduce the body weight of GN rolls.

Know Your Benefits (one of a series)

How Long Term Disability Plan Applies to Monthly and Non-Union Salaried Employees. The Company has a salary continuation plan covering absence because of injury or disease that will continue your pay for varying times from one week to a minimum of five weeks, based on years of service.

After six months of continuous absence due to injury or disease, application is made to the insurance company for total disability under the LTD Plan. If accepted, the Company will pay retroactively six month's salary covering the waiting period less any sick leave already paid.

During the first 24 months, coverage is based on the fact that the employee is unable to work at his own job because of injury or disease and thereafter, if he or she is unable to work at any reasonable occupation because of injury or disease. A reasonable occupation means any gainful activity for which you are, or may reasonably become, fitted by education, training or experience.

The LTD Plan pays 50 percent of your monthly rate of basic earnings. In addition, you may receive "other income" benefits up to 20 percent of the monthly rate of basic earnings. "Other income" benefits include: (1) Remuneration from the Company; (2) Remuneration received from any other company; (3) Disability benefits, payable by law, including: (a) Social Security, (b) Workmen's Compensation and (c) Railroad Retirement; (4) Also included are any benefits payable to members of your family on account of your disability; (5) Not included are any disability benefits received from individual policies purchased for yourself independently of any employer.

For example, the monthly rate of basic earnings is \$800 and the award from Social Security for total disability is \$200 per month. The average benefits are as follows:

Basic Benefit	$\$800 \times 50\% = 400$
Other Income Benefit	$\$800 \times 20\% = 160$
TOTAL	<u>\$560</u>
Less Social Security Tax Award	<u>200</u>
Paid Under LTD	<u>\$360</u>

In general, this income is not taxable.

The LTD Plan also makes your contributions to our Retirement Plan during the period of disability up to the date of retirement, provided that you were a member of the Retirement Plan at the time you became totally disabled.

Benefits under LTD will continue, as long as you remain totally disabled, up to age 65, at which time they will cease and you will start your retirement program.

Also included in the Plan is a rehabilitation program to encourage you to regain part of your lost earning power.

Please refer to the explanatory booklet, dated November 1, 1966 for the complete description of your coverage.

* * *

Aetna Rider is for "In-Between" Job Coverage. The Aetna Rider recently mailed to all employees is an amendment to the Comprehensive Medical Expense Plan. The Rider, which became effective upon receipt by the employee, provides for conversion--without proof of insurability--from group to individual coverage in the event benefits under the group policy are terminated. An employee who leaves Great Northern for any reason, including lack of work, would be covered until such time as he became re-employed and eligible for group coverage with his new employer. The benefits provided by the individual policy are not the "comprehensive" type as provided by Great Northern's Group Plan 1. The benefits are restricted to hospital, surgical and miscellaneous services (hospital). The premium rates are based on husbands' and wives' ages, plus a flat rate for each child.

* * *

Business Travel Insurance Benefits Raised. Insurance benefits provided by the Company covering the accidental loss of life of any employee while traveling on Company business have been increased from \$75,000 per person to \$100,000 per person. The new benefits went into effect on September 1, 1969.

" P E R S O N N E L I T I E S "

NEW EMPLOYEES

E. THOMAS BRIDGES has joined the Southern Division as Technical Assistant-Paper Mill. Prior to joining the Southern Division he was employed by Ecusta Paper Division, Olin Corporation, Pisgah Forest, North Carolina as Mill Technical Superintendent.

DONALD BRAFF has joined Corporate Transportation as a Traffic Analyst in the New York office. Prior to joining GN, Mr. Braff was employed as a Traffic Rate Analyst with National Starch and Chemical Corp.

PHILLIP A. MITCHELL has joined the Controller's Department in Millinocket as a Systems Analyst. Mr. Mitchell attended Baylor University in Texas and served four years with the U. S. Marine Corps.

WESLEY A. PATE has joined the Southern Division as Process Control Engineer. Mr. Pate is a 1963 graduate of the University of Alabama where he received his B.S. degree in Mathematics. Prior to joining the Southern Division, he was employed by St. Joe Paper Company, Port St. Joe, Florida as Process Engineer.

ALVARO SALGADO has joined the Treasury Department in New York as Administrative Assistant. A graduate of Hunter College, he received his M.B.A. from New York University.

EUGENE V. TIEJEMA has joined the Board Sales Department as Director, Technical Service. Prior to joining the Company, Mr. Tiejema was Plant Manager at Twin Cities Container Corporation in Coloma, Michigan.

PERSONNEL CHANGES

HENRY W. BLAIR has been promoted from the weekly classification of Maintenance Programmer to the position of Systems Programmer in the Northern Division Controller's Department.

J. DERRELL CLARK, Southern Division, has been promoted to Purchasing Agent-

Plywood. Mr. Clark has been with the Company since September 1963.

DONALD G. GRIFFEE has been promoted to Chief Engineer in charge of Central Engineering at Millinocket. Mr. Griffiee has been with GN nine years and has filled the position of Superintendent-Pulp Mill, and most recently, Process Engineer in Central Engineering.

THOMAS M. KNIGHT, Manager, Purchases, Northern Division, has been assigned full-time responsibility for purchasing activities in connection with No. 11 paper machine expansion project at Millinocket.

STANLEY G. HAWES has been promoted to the position of Salary and Benefits Supervisor at Millinocket.

GUY A. PALMER has been promoted to Technical Assistant-Pulp Mill in the Southern Division. Mr. Palmer has been with the Company since May 1966.

EDWARD A. PUMPHREY, III has been promoted to Technical Assistant-Power House in the Southern Division. He has been with GN since March 1969.

WILMOT H. ROBINSON has transferred from an hourly classification to the position of Tour Foreman-Paper. Mr. Robinson has been with GN since December 1946.

WILLIAM O. WAGNER has been promoted to the newly created position of Director of Computer Information Systems in the Controller's Department at Millinocket.

W. VERNON WIDNER, Southern Division, has been promoted to Superintendent-Stores. He has been with GN since July 1963.

F. DAN WOODWARD, Purchasing Agent, will be in charge of all Northern Division Purchase operations except the No. 11 paper machine program.

TERMINATION

ALDEN C. RICHARDS resigned from his position of Systems Supervisor in the Administrative Services group of the Northern Division's Controller's Department.



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VIII No. 6

MILLINOCKET, MAINE

September 29, 1969

First Shipment of Oil Is Due. Two barges, carrying 11,000 barrels of fuel oil (Bunker C type), will start the 167-mile trek from Port St. Joe on the Gulf of Mexico to the Company's new dock on the Chattahoochee River on September 25. The barges are expected to arrive September 27.

At the docks, located about 300 feet downstream from the existing raw water intake station, the oil will be pumped from the barges to a new 130-foot diameter by 35-foot high storage tank that holds 95,000 barrels at full capacity.

The estimated consumption rate is 2,000 barrels of oil per day. This will double after the first of the year when No. 1 power boiler is converted to oil.

The new storage tank is tied in with the existing 55-foot diameter by 35-foot high storage tank. New 490-gallon-per-minute pumps will feed oil from storage through 2,600 feet of 8-inch pipe to the powerhouse day storage tank. The oil will travel from the day storage tank through one existing and one new heating and pumping set to the burners on No. 1 and No. 2 power boilers.

The tie-in to No. 2 power boiler will be completed during the 7-day shutdown scheduled to commence September 29. No. 1 will be converted during the Christmas closing.

The present coal handling system will be maintained for stand-by operation only.

Amerada-Hess Corp. of New Jersey is supplying the oil which is being received at its dock in Port St. Joe, Florida where the oil is stored in two 80,000 barrel storage tanks.

From Port St. Joe, the oil is being barged to the mill by way of the Inter-coastal Waterway to the Appalachicola River and north across Lake Seminole and up the Chattahoochee River to the mill dock site. It takes two days to complete the run upstream, and one day to return to port of origin.

Two specially designed barges are under construction for the River Transit Company, the firm providing the transportation. One of the barges will be 50-feet wide by 240-feet long. The other is 50-feet wide by 200-feet long. Due to their length, they will have motorized steering at the front for navigating the sharp turns in the river course. Both barges will be self-pumping for unloading at the Company storage tanks.

* * *

MgO Is Ready to Go Fully Operational.

Just 22 months after purchase of the world's largest recovery boiler, the MgO recovery system went into partial operation on September 24. Engineers on the project said they were confident that the system would become fully operational the last week of September. The timing of the start-up is important from a financial viewpoint in that it will enable the Company to accrue the 7% investment tax credit in the current fiscal year which closes on Sunday, September 28. Before the opening of the huge plant is officially announced, the recovery system will go through a thorough "de-bugging" period, lasting about three months. At the end of that time, ribbon-cutting ceremonies will probably take place, attended by Federal, State and local government officials, the press, conservation and environmental groups.

Paper production for forty-eight weeks ended 8/31/69. . . .

	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Production:				
Cedar Springs	653,931	2,014	566,203	1,833
East Millinocket	350,425	1,060	363,863	1,101
Millinocket	296,202	896	281,168	853
	1,300,558	3,970	1,211,234	3,787

MILLINOCKET

New Teachers Visit Mill. Tours were conducted at the mill on September 6 for a group of new teachers in the Millinocket schools. The tour is part of the Millinocket Teachers Club orientation program for incoming teachers.

* * *

Dentremont Sees How Paper is Made in Finland. Arthur E. Dentremont, Mill Manager, concluded a two-week visit to Finland on September 20. Along with nine other pulp and paper executives from the U. S. and Canada, Mr. Dentremont toured Finnish paper mills, forest reserves and laboratories. The tour was sponsored by the Madden Corp. and the Finnish Paper Mills Association.

* * *

Water Storage Remains High in Maine. More water was in storage this month than at any other time since 1959, according to William F. Elliott, Chief Power Dispatcher.

The amount of water in storage on September 15 reached a high of 47.042 billion cubic feet, which is 10 billion cubic feet short of full capacity and double what was in supply last year at the same time.

"The last time we had this much water was in 1959 when we stored 48.4 billion cubic feet," Mr. Elliott reported. At the present level, he said the "rule curve," an estimated guideline, was about 5 billion cubic feet on the plus side.

Hollywood Comes to Millinocket. Walter Matthau and Elaine May, comedy stars, spent a few days in and around Millinocket last month to complete a new motion picture that will be released shortly. Scenes were shot in Baxter State Park and at Sourdnhunk Falls, an area about 25 miles from the mill. In one of the scenes at Sourdnhunk, two people are canoeing down the West Branch of the Penobscot River and over the Falls. In order to keep the river at the proper pitch for this scene, the Company agreed to raise the flood gates on the Ripogenus Dam.

EAST MILLINOCKET

Long Logs Are Trucked Into East. The new system for handling tree-length wood on a year-round basis went into effect on September 17 when the first shipment of long logs was received by truck from Aroostook County. Prior to this time, long logs coming from this area had to be transported nine miles past the mill to Millinocket where the wood was cut to four-foot lengths and floated down river to East Millinocket. The East Millinocket Mill will continue to receive four-foot wood by river, but only while the river drive is taking place during the summer period. In order to process the wood at EM on a year-round basis, several improvements are being made in the woodroom and woodyard, including the construction of a new access road from State Highway 157 to the woodyard, new scales, and (continued on next page)

(East Millinocket continued)

a scaler's shack. The portable slasher which had been used by the Millinocket Mill at an area known as "Little Italy" has been moved to East Millinocket where it is now in operation. The "J" conveyor in the hardwood woodyard has been rebuilt to receive four-foot rail and truck deliveries, and a new conveyor has been added to handle deliveries of rough wood to the woodroom. The winter debarking capabilities have been improved by as much as one-third with the installation of a new 45-foot Canadian-Ingersoll hydrovat debarking drum. No. 2 debarking drum has been converted to a hydrovat so that all three drums now operate the same way. In the hydrovat system, water is used to speed up the debarking process.

* * *

Power Failure Delays Operations.

A short circuit in the main direct current exciter shut down the entire mill on September 10 at 2:30 a.m.

The "burn out" was later found to be caused by old insulation.

The DC exciter supplies voltage to the other generators which in turn are the source of power for paper machines No. 1 through 4 and parts of the Screen Room.

It took about three hours to get the power restored and the machines back in operation.

CEDAR SPRINGS

Containerboard Mill & Plywood Plant to Cease Production for Seven Days. The mill as well as the plywood plant will be forced to shut down operations on the morning of September 29 for a scheduled maintenance program. Operations are not scheduled to resume until October 6. At the containerboard mill, repairs are listed for the recovery boiler stack, sewer lines, and the No. 1 power boiler. During the long shut-down period, No. 2 power boiler will be converted from primary coal fuel to oil. No. 1 power

boiler will be switched to oil during the next maintenance shutdown which will occur at Christmas time. While the maintenance is being performed, many locations will not have electrical power. Special work schedules will be in effect.

* * *

Mill Spared Camille's Fury. After unleashing its devastating assault on the Gulf Coast area, Hurricane Camille roared safely to the West of the Company's Southern Division operations.

While the mill was unharmed, the storm did cause temporary delays in wood shipments and coal deliveries, and this hampered production for a couple of days.

James W. Richardson, Southern Woodlands Manager, reported that our fee and owned lands also were unaffected by the hurricane.

This was not the case for mills with timberlands in Louisiana and Mississippi where, he said, an estimated 1.8 billion board feet of sawtimber and 1.4 billion board feet of pulpwood were blown down by Camille's winds.

The companies involved say they hope to recover about 60 percent of the wood in these areas. Since the wood is in imminent danger from pests, time is a very important factor in recovery operations.

At a meeting last week in Jackson, Miss., which was attended by Mr. Richardson and other woodland managers, Great Northern agreed to purchase a "reasonable amount" of wood on a weekly basis from paper companies with lands close to the GN mill. This will be freshly cut wood and not blown down timber. By agreeing to do this, GN will permit the other companies to recover and consume larger amounts of their fallen timber, Mr. Richardson explained. He said consideration was first given to shipping a large volume of the blow down wood to Cedar Springs. The group later decided against this because shipment from the affected areas to Great Northern's mill would have been too costly.

(Cedar Springs continued)

Golf Tournament Held. The Annual Labor Day Golf Tournament, sponsored by the Great Northern Golf Association, took place again this year at the Blakely Town and Country Club. A Green Blazer was awarded to H. J. Malsberger, Jr., Assistant Woodlands Manager, who won the tournament with a score of 82 to top a field of about 75 participants. Later that evening, the members, their wives and guests attended a dinner-dance at the Club.

WOODLANDS - North

Gulf Hagas Now Enjoys 'Landmark' Status. On September 18, about 90 representatives of conservation groups, forestry and industry, and government joined in the dedication of Gulf Hagas as Registered Natural Landmark.

The ceremonies took place at a spot called Screw Augur Falls, where a bronze plaque has been affixed to a boulder attesting to the status of this scenic area, which lies in the mountains of Maine's northern Piscataquis County. The land was set aside by St. Regis Paper Company (5/6-owner) and Great Northern (1/6-owner) for the enjoyment of nature lovers, sight-seers and hikers. Title to the land remains with both companies, and they will continue to pay taxes on it.

John T. Maines, Vice President-Woodlands of Great Northern, acted as master of ceremonies at the dedication. Robert S. Hyde, Director of Forestry for St. Regis, delivered the Keynote address in which he said the two companies have long recognized their responsibilities to the public to pursue policies which make wise and productive use of forest resources.

Other speakers included Benjamin J. Zerbey, General Superintendent, Boston area, National Park Service; Charles T. Bradford, Field Representative, The Nature Conservatory; James L. Faulkner, President, Maine Appalachian Trail Club; and Lawrence Stuart, Director of State Parks and Recreation Commission.

Officials and invited guests met near the Katahdin Iron Works village where transportation was provided to the Hermitage for a lumberman's style luncheon. Following the meal, the group hiked on foot to Screw Augur Falls for the actual dedication of the bronze plaque.

* * *

Palette + Plus Ad to Appear in THE BANGOR DAILY NEWS Section. A double truck (two-page spread) ad has been scheduled in THE BANGOR DAILY NEWS special tabloid-size section that is being published October 3 to herald the city's 200th anniversary. A large, head-to-toe drawing of Paul Bunyan, the legendary Maine Woodsman, is featured in the ad which will be printed on the dark yellowshade of Palette + Plus. Red and blue inks will be combined to produce a multi-color effect. The copy in the ad points out that Great Northern has enjoyed a close association with the city and has played an important role in its growth. The newspaper is planning to make wide distribution of this special four-page supplement to demonstrate how Palette + Plus colored papers can be used effectively by advertisers.

WOODLANDS - South

Pine Seedlings to be Planted on 4,000 Acres. More than 4,000 acres of fee and Company-owned lands are being treated by contractors and Company crews for the planting season that begins the middle of November. The acreage, which is spread over three states -- Alabama, Georgia and Florida -- is twice what it was last year. James W. Richardson, Southern Woodlands Manager, said about 3,000 acres have been treated to date. He said that the two D-7 bulldozers purchased by the Company had accelerated the pace considerably. One of the bulldozers has what is called K-G blade attached to it that shears off the undesirable hardwoods at ground level. The other tractor makes use of a Fleco chopper. This is a rotary type disc that grinds the tree up after (continued on next page)

(Woodlands - South continued)

it has been uprooted by the bulldozer. Once the land has been prepared, a mechanical tree planter places the Southern pine seedlings 10 feet apart. The seedlings grow up to a merchandisable tree size in 10 to 12 years.

Sales Have a Picnic. Sales Department personnel in the New York office and their families held their Second Annual Picnic Day on September 14 at Tallman State Park near Nyack, New York.

What kind of company is GN? Our new corporate advertising program will attempt to answer this question with a series of five two-page, four-color spreads beginning in the November 22 issue of BUSINESS WEEK and the December issue of FORTUNE (Eastern Edition). Specialized ads will also appear during the year in EDITOR & PUBLISHER and FINANCIAL ANALYSTS JOURNAL, and we will continue our product advertising for commercial printing grades, linerboard and plywood in such media as OFFICIAL BOARD MARKETS, PLYWOOD & PANEL, CROW'S FOREST PRODUCTS DIGEST and GRAVURE TECHNICAL BULLETIN.

Advertising developed for GN's 1969-70 corporate campaign (see attached) differs in both concept and design from that of past years. Our objectives remain the same, but the focus has been changed. Instead of illustrating the different products we make and inferring our capabilities through their manufacture, we attempt in this new campaign to demonstrate the kind of company we are. The latter concept is, of course, more difficult to communicate. We have tried to accomplish it by basing each advertisement on a separate and distinct characteristic inherent to GN. In effect, we tell the reader we: (1) are responsible, (2) are customer oriented, (3) have a wealth of resources, (4) are a specialist in mass-produced papers, (5) are big, important, and ready for tomorrow.

To demonstrate that GN has a wealth of resources (information of great importance to the financial community as well as to our customers and prospective customers), one ad in the series depicts six beakers full of water and a pile of wood chips beneath the headline, "It takes six quarts of water and two ounces of wood chips to make an ounce of paper. Now, imagine what it takes to make a million tons of paper. Great Northern has what it takes." Another ad aimed at showing Great Northern as a public spirited and responsible citizen develops its theme through an explanation of multiple-use forest management.

From a design standpoint, the ads have been executed so that each headline and illustration communicates the message instantly, whether or not the rest of the copy is read. All conclude with the slogan: "We Bring Out the Best in the Forest."

The magazines selected for the campaign provide a high level of circulation among the desired audience groups, which include customers and prospects, financial and business leaders, members of the press, government officials, educators and conservation groups.

BUSINESS WEEK, a McGraw-Hill publication, is again considered our prime medium inasmuch as it is the pre-eminent general business magazine, and decision makers throughout business, finance, industry and government read it for timely, accurate, in-depth reports on "all the news that affects business." Seven ads have been scheduled in BW for a total of 14 pages.

This year, for the first time, GN advertisements will also appear in FORTUNE, a monthly published by Time, Inc. FORTUNE complements our BW schedule because it provides the reader with feature stories about corporations and corporate management which he can find nowhere else, and because it evaluates important developments which affect the business community. Five two-page, full-color ads are scheduled to run in FORTUNE between December 1969 and June 1970. These ads will appear only in the Eastern Regional edition, (continued on next page)

and one spread will run in the '500' Directory issue.

EDITOR & PUBLISHER and FINANCIAL ANALYSTS JOURNAL are publications which allow us to direct specific messages to an important segment of our primary audience groups--namely, analysts, investment bankers, security dealers, commercial banks (trust departments), newspaper publishers, editors and opinion leaders.

The ads in E&P will be the same as those appearing in BUSINESS WEEK and FORTUNE except for a change in copy to focus more clearly on this special audience. For FINANCIAL ANALYSTS JOURNAL, both design and copy will differ from the corporate campaign, since ads in this magazine will concentrate on providing specific financial information.

To determine the effectiveness of our 1969-70 corporate advertising, before and after studies among readers of both BUSINESS WEEK and FORTUNE are planned. The initial study, which will be conducted about four weeks before the first insertion, will be used to establish a level of awareness among primary readers for both publications. The impact of the campaign can then be judged against this. Follow-up surveys will be made during the course of the campaign, and the data from these studies compared with the initial benchmark findings.

In addition to our corporate program, we plan to continue our promotion efforts for newsprint, commercial printing grades, containerboard and plywood. Advertising of this type will appear in CROW'S and PLYWOOD & PANEL, GRAVURE TECHNICAL BULLETIN, EDITOR & PUBLISHER and OFFICIAL BOARD MARKETS, as well as EUROPEAN BOARD MARKETS and FEFCO, important export publications.

It is also planned to use local newspapers in Maine and Georgia for appropriate community relations activities.

GN corporate and trade campaigns will again be backed by extensive direct mail and sales promotion activities, including personalized advertising, merchandising mailings to all customers and prospects. Sales promotion will feature high quality brochures and specialty items such as knives, ash trays, lighters, etc.

J. C. Penney Tries Something New.

A 16-page advertising section featuring women's apparel in full color was distributed nationally in September by J. C. Penney. The section was printed on 50-pound Jet Printing Paper, machine finish, by the Greater Buffalo Press. According to Penney's Ad Director, John Lucas, this was the first time his company had chosen a grade heavier than 28-pound paper for an advertising supplement. Mr. Lucas said he was "extremely pleased" with the results. The section, which was distributed by mail and in newspapers as a special supplement, required 2,500 tons of Jet Printing Paper.

* * *

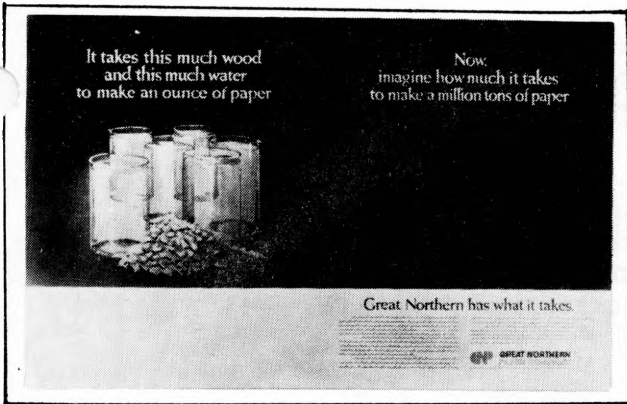
Higher Profits Expected in Fourth Quarter. The Company expects earnings in the final 12 weeks of the year ending September 28 to exceed last year's, Peter S. Paine, Chairman and Chief Executive, disclosed in an interview with THE WALL STREET JOURNAL.

The newspaper, which published the story in its September 22 issue, noted that the higher earnings would cause a turnaround from the 40 weeks ended July 6, when profit fell to \$10.4 million, or \$3.17 a share, from \$11.5 million, or \$3.53 a share, a year earlier.

Mr. Paine predicted full-year sales would exceed the \$170 million, up from fiscal 1968's \$154.6 million. Whether earnings will equal fiscal 1968's \$15 million, or \$4.60 a share, depends on how much investment tax credit is accrued in the final 12 weeks, he said.

The decline in earnings in the first 40 weeks was attributed by Mr. Paine to low water conditions that increased power costs at the Maine mills, as well as higher pulpwood, labor and freight costs and retroactive repeal of the investment tax credit.

Mr. Paine said "another modest increase" was likely in linerboard and corrugating medium prices before the end of 1969. He said demand for newsprint and groundwood specialty printing papers continues strong with a price increase a possibility in 1970. Plywood, he noted, has "suffered a precipitous decline" in demand and price and "I don't expect a reversal until construction activity picks up--and that won't be this year."



WEALTH OF RESOURCES

Business Week - November 22, 1969

Fortune - December 1969



CUSTOMER ORIENTED

Business Week - December 20, 1969
and May 3, 1970

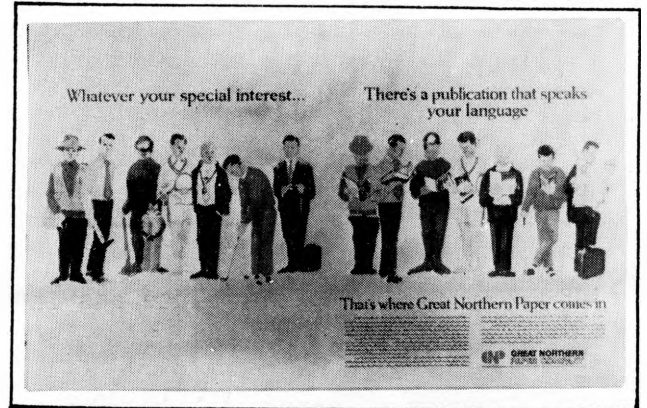
Fortune - January 1970



RESPONSIBLE

Business Week - January 25, 1970

Fortune - February 1970



MASS PRODUCTION SPECIALIST

Business Week - February 22, 1970
and April 19, 1970

Fortune - March 1970



READY FOR TOMORROW

Business Week - March 29, 1970

Fortune - April 1970

" P E R S O N N E L I T I E S "

NEW EMPLOYEES

HERBERT W. BRAGDON has joined Great Northern as an Internal Auditor in the Northern Division Controller's Department, reporting to G. L. Ranger, Manager of Internal Auditing. Mr. Bragdon graduated from Beal Business College in 1969 with an Associate degree in Business Management.

FREDERICK J. BUCKLEY has joined the Controller's Department in Millinocket as Supervisor - Office Services, reporting to H. A. Grant, Manager of Accounting. Mr. Buckley attended Burdett College in Massachusetts, majoring in sales and management.

GEORGE C. HARRIS has joined Great Northern Plywood Corp. as Sales Representative, reporting to W. K. Hoseid, Vice President & General Manager. Prior to joining Great Northern, Mr. Harris was employed by National Gypsum Co., Birmingham, Alabama as Sales Representative.

MICHAEL E. ROCHE has joined the Company as Data Processing Supervisor, reporting to W. O. Wagner, Manager of Administrative Services at Millinocket. He majored in Business Administration at New York University and the State University of New York. Prior to joining GN, Mr. Roche was employed as an Operations and Scheduling Supervisor for the Computing Center of the State University of New York.

PROMOTIONS

WINSTON H. BROOKS has been promoted to the newly created position of Administrative Analyst, reporting to S. B. Weldon, Manager of Manufacture. In this capacity, his principal function will be analyzing production, quality, technical and cost data as received from the mills and power systems for deviation, variations, and opportunities for improvement.

FRED G. EATON has been promoted from Cost Accountant in the Controller's Department to Plant Accountant at the

Millinocket mill. In his new position, Mr. Eaton will report to A. E. Dentremc Mill Manager.

J. HAROLD JOHNSON has been promoted to Cost Accountant, reporting to Charles Chandler, Manager of Accounting. Mr. Johnson joined the Southern Division Controller's Department in June 1969.

THOMAS W. KELLY has been promoted to the position of Cost Accountant in the Northern Division Controller's Department, reporting to H. A. Grant, Manager of Accounting. Mr. Kelly joined GN in July 1968 as a Budget Analyst.

SAMUEL J. SIEGEL has been promoted to Manager, Rates and Research in the Transportation Department in New York, reporting to J. D. Perkins, Director of Transportation. Mr. Siegel has been with the Company since October 1968.

REX L. SIMMONS has been promoted to Mechanical Foreman in the Southern Division, reporting to Jack Colson, Mechanical Supervisor. Mr. Simmons has been with the Company since October 1963.

F. DOUGLAS SMITH has been promoted to Senior Pulpwood Auditor, reporting to G. L. Ranger, Manager of Internal Auditing at Millinocket. Mr. Smith has been with GN since 1953.

DAVID R. TURNER has been promoted to Assistant Superintendent-Paper Mill at Cedar Springs, reporting to Wayne Taunton, Paper Mill Superintendent. Mr. Turner has been with the Company since September 1963.

B. DONALD VICKERS has been promoted to Paper Mill Foreman-No. 1 & 2, Southern Division, reporting to Clarence Gandy, Assistant Paper Mill Superintendent. Mr. Vickers has been with the Company since September 1963.

JOE D. WRIGHT has been promoted to Paper Mill Foreman-No. 3 at Cedar Springs, reporting to D. R. Turner, Assistant Superintendent-Paper Mill.



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VIII No. 5

MILLINOCKET, MAINE

August 25, 1969

Northern Division Packaging Changes Studied. The Product Development Group at Millinocket is now researching ways to improve the appearance and protection of the packaging Great Northern is now using for its newsprint and specialty grades.

The group, headed by C. P. Mosher, is presently investigating several different colorants--i.e., acid, basic and direct dyes as well as pigments--which can be applied to the surface of the wrap, headers and end bands to enhance the outer appearance of the package.

At the same time, the group is running tests on possible materials to use with the dyes or pigments to improve scuff resistance. Such materials as starch, rosin, and polyethylene-wax emulsions will be studied. Application will be made by either spraying or calendar staining.

Work is in progress to close up the wet end of the cylinder machine which produces our body wrap and core stock. When this close-up is accomplished, the chemicals can then be applied during the manufacturing process which will provide additional strength with regard to the cores.

The Engineering Department is designing specifications for a disc refiner which would improve tensile strength, scuff resistance and internal bond for paper made on the cylinder machine. These characteristics are a prerequisite for high core crush.

New Woods Dealers for Southern Mill. Two new dealers were added to the Southern Division's supply organization on July 28 as part of a continuing program to increase the amount of raw material which is available to Cedar Springs.

According to James W. Richardson, Southern Woodlands Manager, the new dealers are capable of providing an estimated 600 cords of Southern pine per week. This will boost weekly wood production from the present 52 wood dealers to more than 22,000 cords, he said.

Demand for wood reached its highest level during the four week period that ended August 1, when linerboard production (including medium) advanced to 61,210 tons, surpassing any single previous period on record.

In addition to seeking more dealers, "particularly from those areas where we receive little or no wood at present," Great Northern's Southern Woodlands Manager said other necessary steps are being taken at this time.

"We are improving the weekly wood production of our present dealer organization through increased wood mechanization, and we are encouraging our chip suppliers to place more low grade lumber into chips, since lumber prices are experiencing a depressed market," he explained.

Paper production for forty-four weeks ended 8/3/69. . . .

Production:	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Cedar Springs	593,966	2,002	515,465	1,837
East Millinocket	323,076	1,064	335,226	1,105
Millinocket	272,243	896	257,126	849
	1,189,285	3,962	1,107,817	3,791

MILLINOCKET

College Trainees Complete Apprentice Program. The 1969 Summer Apprentice Program is drawing to a close for the 24 college students who participated in the Company's annual on-the-job training opportunity. According to Russell W. York, Training Director, the students--most of whom will be seniors next semester--can be justly proud of their performance record. From such schools as Brown, Corning (N.Y.) State College, Dartmouth, the University of Maine, Nichols, St. Xavier (New Brunswick), Syracuse, and the University of Oklahoma, the students worked in the engineering, research, operations, accounting and office administration departments during their stay. About 140 other college students hired as summer replacements for regular production workers were employed in the woods and in both mills, Mr. York said.

* * *

Open House Attracts 300 Visitors. The annual open house, held July 31, brought more than 300 people to the Millinocket mill, where they were taken on guided tours. Posters set up at strategic points in the mill buildings provided visitors with such information as the number of employees working in the area, the function of the department, and the name of the individual in charge.

Financial Analysts Tour Maine Mills. Ralph Wm. Michaud, Senior Paper Analyst, Paine, Webber, Jackson & Curtis; Harold Kingsberg, Vice President, General American Investors Corporation; and John Weed, Assistant Vice President, Morgan Guaranty Trust Company, were taken on tours of Millinocket, East Millinocket and the M_gO recovery plant on August 5 and 6. Emery E. Allain, Vice President-Finance, and Peter Haaren, Treasurer, accompanied the three analysts--all from New York City--on their visit.

* * *

"We Proudly Salute..." The announcement of the \$45 million expansion program at the Millinocket mill drew praise from the local newspaper, THE MILLINOCKET JOURNAL. In an editorial published July 23, the weekly said: "This commendable expansion program will encourage other areas of area enterprise to prosper. Additional employees will mean additional living accommodations which will, in turn, necessitate additional automobiles, additional food supplies, additional clothing, additional medical facilities, etc., etc. In actuality, what Great Northern has done is to provide this little milltown with an amazing security of future prosperity. We proudly salute them in this noble endeavor."

EAST MILLINOCKET

No. 1 Grinder on No. 7 Line (High Speed) Re-converted to Pitless. New doctor blades and showers were installed on this 60-cycle grinder on August 4, and the stone was converted back to a "pitless" system. (In a "pitless" operation, the grinding stone is not submerged in the pulp, as is the case in a "pit" system.) No. 1 grinder was switched from a "pitless" to a "pit" system last December, because the high speed stone was burning the pulp. The new doctor blades and showers have resolved this problem, and the change to the "pitless" system has practically eliminated "re-grinding" and "jamming" which happens frequently when the stone is immersed in the pit. Pulp brightness has shown an improvement to a level that is only one point below the low-speed grinders.

* * *

Jagenberg Slitters Are Installed on No. 1 and 2 Winders. Shear cut slitters have replaced the old score cut slitters at No. 1 and 2 paper machines.

Shear cut slitters consist of a pair of driven, overlapping sharpened blades which can best be likened to a pair of scissors in continuous rotating form. In the score cut slitting method, a single rotating blade is held by pressure against a hardened steel backing roll.

By converting to the shear cut method, the offset grades manufactured on these two machines have improved. The new type slitters give a cleaner cut than the score slitters, resulting in less paper dust formation on the roll edges. Lint formation is a condition that cannot be tolerated on offset grades.

The installation completes the conversion of the old machine winders on paper machines No. 1 through 4 to Jagenberg shear slitters. Winders on No. 5 and 6 paper machines are score cut slitters from the Beloit Corp.

New Barking Drum Set to Go Into Operation Soon. The Wood Room was closed from August 4 to August 8 to permit installation of an intake belt and an electrical tie-in for the new barking drum.

Wood which had been piled outside in expectation of this interruption was used while the Wood Room was inoperative.

The new, 45-foot long Canadian Ingersoll-Rand Weldrum will increase the barking rate of rough wood by one-third, reports Carl H. Reed, Mill Manager. He said the new drum is expected to be ready to receive winter wood by the end of August.

Each barking drum at East Millinocket holds about 50 cords of wood at one time and cleans about 60 cords an hour at the summer rate. Under winter conditions, when the bark is frozen, the drum will handle about half as much wood.

It is interesting to note that one of the largest barking drums in the industry is housed in the Wood Room at Millinocket. This drum is 67-1/2 feet long. It was installed in 1967.

* * *

No. 11, 12 and 13 Grinder Lines Were Not Used on August 8, starting at 11 p.m., due to an electrical storm. The grinders remained down until 6:30 a.m. the next morning.



Water, Water Everywhere... One inch of rainfall in the Northern Division's West Branch reservoir watershed is equal to 4.36 billion cubic feet of water. The amount of run-in depends on the volume of rain and the time of year. During the Spring and Fall, the inflow to our reservoir varies from 3.1 to 3.7 billion cubic feet to an inch of rainfall.

The yearly average inflow is 2.45 billion cubic feet to an inch of rainfall. This low inflow is due to tree growth demand and evaporation during the summer months.

WOODLANDS

Third Pulpwood Concentration Yard Opened for Business. A new pulpwood concentration yard went into operation at Glen-Dale Siding, Fort Kent, Maine, on July 28. The 20-car siding was developed jointly with the Bangor & Aroostook Railroad. Prior to this, Great Northern received wood at several small, widely scattered sidings in the district. With the new concentration yard, Great Northern can deal directly with various wood producers. Other advantages include a reduction in handling costs and a ready supply of fresh wood for our manufacturing operations. The other pulpwood concentration yards operated by the Company are located at Portage and Moody. The possibility of establishing similar yards in the near future in Masardis and Houlton is under study.

* * *

Penobscot River Wildlands Study Believed to Include West Branch. THE BANGOR DAILY NEWS reported in its August 14 issue that the U.S. Department of the Interior and the U.S. Department of Agriculture plan to study a 100-mile section of the West Branch of the Penobscot River for possible inclusion in the Wild and Scenic Rivers Act. A day earlier, the newspaper carried the announcement that the Penobscot was among 27 rivers to be studied, and that officials were only interested in the East Branch, north of the Millinocket-Medway area. Including the West Branch would have a significant effect on Great Northern woods operations. About 90% of the land along 100 miles of this tributary is wholly owned by the Company. The study is scheduled to start sometime in 1972. A Congressional report is due in 1975.

Land Allocated for Tree Study. A total of thirty-three, 1/10 acre plots in Township 5, Range 11 have been designated as test areas for use by the University of Maine and the U.S. Forest Service in a forest fertilization project. In addition to GN, several private landowners and corporations operating pulp and paper mills are participating in the program. The primary purpose of the five year project, which will examine growth rates and methods of application, will be to determine if tree growth in northern Maine can be stimulated sufficiently to warrant the expense of fertilization.

Three test areas are being established--one each in the Northern, Western and Eastern sections of the state. These areas will be sub-divided into plots with each test plot receiving varying amounts of fertilizer.

Funds totalling \$70,000 have been pledged by the landowners. GN staff forester Joseph R. Goody has worked closely with the University of Maine Forestry Department, and John T. Maines, Vice President-Woodlands, assisted in obtaining cooperation and funds from the other landowners.

* * *

Land for Nature Study Leased to Town. GN has leased a 500' by 1500' tract of land to the town of Millinocket for \$1 a year. Millinocket plans to use the land, which is situated between the Bangor & Aroostook Railroad spur track and School Street, as a nature laboratory. The area contains a fresh water pond, a birch forest, and a stream. A biology teacher at Stearns High School in Millinocket who sought the land for a study area is said to have completed arrangements with the U.S. Department of Agriculture Soil Conservation Service for aerial photographs and the preparation of Soil Suitability Maps, Land Use Maps, and other appropriate information.

More Tibetans for Maine. Another group of Tibetans are scheduled to arrive in the United States sometime during the first week of September. There is one dependent in this new group of 22, the wife of one of the workers. These Tibetans had been living in refugee camps in India and will start training at the Alderic Milliard Operation, a logging camp situated about 25 miles west of Ashland, Maine. They will be under the supervision of Rene Dube, Training Supervisor for Great Northern. Mr. Dube directed the training of the original group of six Tibetans who joined the Company in 1967. They are "doing very well and gradually increasing their production," according to Leo L. Thibodeau, Director of Public Relations-Woodlands. As many as four from this original group will help instruct the new trainees, Mr. Thibodeau said. Great Northern has completed the housing project at Portage, Maine, where both groups of Tibetans will reside. Apartments for the dependents will be ready shortly.



Visitor Thanks GN for Preserving Woodlands. The following letter was received recently from a member of Radio Station WGBH, an educational broadcasting facility in Lowell, Massachusetts:

"Dear Sirs:

At the beginning of June I was lucky enough to go on a five day canoe camping trip in upper state Maine and after one of the most beautiful experiences I've ever had, I felt it only appropriate to drop you a note. As we travelled around, I couldn't help but notice that much of the land was owned and maintained by GNP. The area is so well preserved as wilderness, that just driving through is a meaningful experience. All I can do is thank you for what you've done and given the public. I will always look forward to going back."

High School Juniors Visit Mill. As part of the University of Maine's Pulp and Paper Foundation Scholarship Program, 21 high school juniors visited Millinocket and East Millinocket, as well as the experimental logging camp. The 1-1/2 day program is designed to encourage the students to enroll in technically oriented courses at college.

A Big Day for Paper. An estimated 300 tons of ticker tape and shredded paper was cleaned up by New York sanitation men August 13, following the Apollo 11 astronauts gala parade up Broadway to City Hall.

FREDERICK W. MEARS, who was Assistant Manager of Sales-Newsprint at the time of his retirement in 1956, died July 2, 1969, at the age of 80. Mr. Mears had 40 years of service with Great Northern.

90 Golfers Compete for Green Jacket. The Annual Great Northern Open was held August 9 and 10 at the Hillcrest Golf Club, Millinocket, Maine. The coveted green blazer, donated by the Company, was won by Charles Davis, a non-GN employee, with a three over par 69, to become the tournament's first repeat winner. The tournament attracted 90 amateurs from all over the state.

Large Turnout for Foreman's Annual Outing. More than 300 people attended the annual outing at Rice Farm, Millinocket, on August 7, including Peter S. Paine, Chairman, Robert A. Haak, President, and other management representatives from the New York, Boston and Bangor offices and the Controller's Department.

Newsprint Usage Up Almost 5%. U.S. newsprint consumption in June was 798,662 tons, an increase of 4.9% over June 1968 when there were only four Sundays. Production of newsprint in North America during June amounted to 992,358 tons--the largest out-turn in any month to date. Shipments during the month totaled 996,355 tons, which was 3.9% greater than June 1968 volume. The average stocks of newsprint for dailies reporting to the American Newspaper Publishers Association at the end of June were 26 days' supply on hand and 6 days' supply in transit--the same as reported in 1968.

TRANSPORTATION

Company Plane Scheduling Duties in North Shifted to Transportation. An additional responsibility was assumed by the Transportation Department-Northern Division on July 21, when it was assigned to handle the scheduling of the Company-owned turbo-prop Aero Commander that operates out of Millinocket.

These scheduling duties were previously performed by a member of the staff of the Vice President-Northern Division.

The Southern Division's Transportation Department, which has always had the responsibility for scheduling of the Company plane based at Dothan, Alabama, is not affected by the re-alignment.

The purpose of the change in the Northern operation is to provide more efficient coordination of air travel arrangements that will assure maximum use of the Company plane at all times. The Transportation Dept. will continue to handle scheduling of commercial airline and hotel reservations, charter flights, and Company cars.

* * *

Full Coverage Collision Insurance Not Required for Rental Car. The Insurance Department has instructed employees not to request full coverage collision insurance when renting cars for Company

business. Full or "first dollar" coverage is omitted by not initialing the small "decisions" box on the rental contract. The Insurance Department said the \$100 deductible will be paid by the Company in the event an accident occurs, and that employees are not assuming any liability for damage by omitting the additional coverage.

RESEARCH & DEVELOPMENT

Ink Receptivity Problems Studied. As part of Great Northern's continuing program of quality control for its line of lightweight coated papers, tests are now being conducted at Millinocket to improve ink receptivity on papers printed by the offset process.

Paper Evaluation, Coating Research, and Product Development Groups are involved in the project which was initiated after a Sales-Research meeting last month where views were presented as to what is causing offset presses to print solids, and in some cases, halftones, unevenly.

Several preliminary test methods are being developed to isolate the causes.

In the meantime, the substitution of calcium carbonated pigment for a portion of the coating clay appears to be a promising means for improving the performance of coated offset grades.

Container Prices Rise. An average increase of 7-1/2% in the selling price of corrugated shipping containers has been announced by several firms, including Acorn Corrugated Box, Continental Can, Crown Zellerbach, Mead Containers, Olincraft, and Union Camp. Great Northern Board Sales Company prices are based on a 33% formula price determined by the Fibre Box Association's Eastern Division Quarterly Analyzed Box Price. Great Northern's prices, therefore, fluctuate upwards or downwards each quarter depending on the Analyzed Box Price, which is an average obtained from actual audits.

Know Your Benefits - Series I. A frequently unexplored area, and thus frequently misunderstood, is the so-called alternative formula for computing retirement benefits under the Retirement Plan for Salaried Employees.

In essence, the formula provides that for normal retirement the total benefit will not be less than 40% of the average last five years' salary prior to retirement, minus Social Security. It further provides that the employee must have at least 10 years of continuous service as a full-time salaried employee; and for anything less than 25 years of such service, the 40% is reduced by 1% per year.

Example:

Bill Brown joined the plan on January 1, 1969; and after 15 years, he was eligible for normal retirement. Bill's salary was \$10,000 for his first 10 years with the Company, and \$20,000 for the last five years. His benefit, as described in Article 6 (a)(IV), will be 1-1/2% of the first \$7,800 and 2% of any excess of \$7,800 received in each of his 15 years of service.

$$\begin{array}{r}
 \$10,000 \\
 \underline{7,800} \times 1-1/2\% = \$117.00 \\
 2,200 \times 2\% = 44.00 \\
 \hline
 161.00 \\
 \times 10 \text{ years} \\
 \hline
 \$1,610.00
 \end{array}$$

$$\begin{array}{r}
 \$20,000 \\
 \underline{7,800} \times 1-1/2\% = \$117.00 \\
 12,200 \times 2\% = 244.00 \\
 \hline
 361.00 \\
 \times 5 \text{ years} \\
 \hline
 \$1,805.00
 \end{array}$$

$$\begin{array}{r}
 \text{Annual Retirement Benefit} \\
 = \\
 \$3,314.00
 \end{array}$$

However, Bill meets the 10-year service requirement for the alternative formula, so his benefit must be calculated on the basis of 40% of the last five years average salary, minus 1% per year

for the 10 years' service that he lacks in meeting the 25-year service requirement, and minus Social Security.

$$\begin{array}{r}
 \text{Last 5 Year Average Salary} = \$20,000.00 \\
 (40 \text{ minus } 10\% - 1\% \text{ per year for } \underline{\quad \times 30\%} \\
 \text{the 10 years less than 25}) \quad \$6,000.00 \\
 \text{Less Social Security} \quad 2,316.00 \\
 \hline
 \text{Annual Retirement Benefit} \quad \$3,684.00
 \end{array}$$

Bill will receive the larger sum of \$3,684.00 provided by the alternative formula.

Note:

The employee booklet, Section I, Page 9, is not sufficiently explicit to fully explain the alternative formula. The formula is spelled out in detail on Page 19 of Section II.

3 Lost Carrier Boys Are Found Unhurt.

Three newspaper carrier boys wandered away from the Company's experimental logging camp at Johnson Pond, about 25 miles west of Millinocket, Thursday, August 14, around six in the evening, and proceeded to get lost. They spent the night in the woods. While combing the area in an airplane, a Search and Rescue team spotted one of the boys waving a white shirt about 10 a.m. Friday. The air search spotters radioed the location, about two miles southwest of the camp site, to a ground team which led the boys to safety. The three boys, two from NEWSDAY (Garden City, N. Y.) and the other from the BURLINGTON (Vt.) FREE PRESS, were among a group of 22 carrier boys who were on a 5-day trip to visit the Northern mills and Rainbow Lake as guests of Great Northern.

Vance Laite, editor of THE MILLINOCKET JOURNAL, the local weekly owned by THE BANGOR DAILY NEWS, was notified by Central Personnel that the boys had been rescued. After the three boys had returned to Rainbow Lake Camp, Mr. Laite interviewed them by radio from the Central Personnel office in Millinocket. He then telephoned pertinent facts to the NEWS' State Editor in Bangor.

" P E R S O N N E L I T I E S "

NEW EMPLOYEES

CARLTON E. AKELEY has joined the Research and Development Department in Millinocket as a Research Associate, reporting to D. K. Phenicie, Analytical Research Group Leader. Carlton graduated from Colby College in Maine with a B.A. degree in Chemistry.

PHILLIP E. AYCOCK and GARY H. HARMON have joined the Cedar Springs mill as Mechanical Engineers, reporting to Waylon Lacey, Plant Engineer. Phil is a 1966 graduate of Mississippi State University and was previously employed by J. B. Converse & Co., Mobile, Alabama. Gary, a 1967 graduate of the University of Florida, had been employed by Proctor & Gamble, Cincinnati, Ohio.

MICHAEL C. BUSCH has joined the Southern Division Woodlands Department as a Unit Forester, reporting to Charles Arnold, Area Superintendent. A 1967 graduate of the University of Georgia, Michael has a B.S. degree in Forestry.

IVAN R. PILCHER has joined the Southern Division Woodlands Department as a Unit Forester, reporting to R. C. Wakefield, Area Superintendent. Ivan is a 1966 graduate of the University of Georgia with a B.S. degree in Forestry.

PROMOTIONS AND TRANSFERS

CLIFFORD J. BOUCHARD, JR. has been promoted from a weekly classification to the position of Salary and Benefits Assistant, reporting to Stanley G. Hawes, Compensation Coordinator, in the Salary and Benefits Department in Millinocket.

CHARLES P. MOSHER has been promoted from New Product Research Group Leader to Product Development Group Leader in the Research and Development Department at Millinocket, reporting to Stephen Kozlovich, Product Development Supervisor. The New Product Research Group will be discontinued and its activities will be assumed by the Product Development Supervisor.

JOHN A. PINTARD has transferred from Salesman in Commercial Sales to Export Salesman, reporting to F. V. Ernst, Manager of Export Sales.

NORMAN J. RICHARDS has been promoted to the position of Pulp Research Group Leader, reporting to Dr. Robert C. Johnson, Pulp Research Supervisor. Norman joined the Research and Development Department in Millinocket in November, 1968.

PATRICK O. ST. PIERRE has been promoted to Foreman-Chip Plant in the Northern Division Woodlands Department, reporting to E. E. Chase, Assistant Superintendent-Aroostook Area.

RETIREMENTS

JAMES S. HOOPER has retired from the position of Buyer for the Northern Division Woodlands Department with 35 years of service.

HERMAN E. RUSSELL has retired from the position of Tour Foreman-Paper in the Millinocket mill. Herman has worked for Great Northern for 26 years.

TERMINATIONS

ALBERT L. RAY has resigned from his position as Mechanical Foreman at Cedar Springs.

WILLIAM H. SPRAGUE has resigned from his position as Assistant Paper Mill Superintendent at Cedar Springs.

JAMES H. THOMPSON has resigned from his position as Process Control Engineer at Cedar Springs.

GEORGE E. VAN GOETHEM has resigned from his position as General Production Superintendent at Cedar Springs.



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VIII No. 4

Millinocket, Maine

July 28, 1969

\$45 Million Expansion Approved MILLINOCKET TO BECOME LARGEST PRODUCER OF GROUNDWOOD GRADES

A major expansion program, including the addition of a new wide high-speed paper machine and supporting equipment, has been authorized by the Board of Directors for the Millinocket mill.

Announcement of the \$45 million project was made on July 17 by Peter S. Paine, Chairman and Chief Executive Officer.

The completed project will increase the capacity of mill No. 1 by approximately 40% or 135,000 tons of paper a year, thus making Millinocket the largest producer of groundwood printing grades in the country. The expanded operation is expected to require upwards of 150 mill workers.

Construction is scheduled to commence about May 1, 1970, and start-up of the paper machine has been planned for April, 1972. Based on this timing, it is planned to finance the program out of the Company's cash flow from operations.

The additional facilities are designed primarily to broaden the Company's line of groundwood printing papers which are widely used in the production of mail order catalogs, telephone directories, paperback books, periodicals and special supplements.

In making the expansion announcement, Mr. Paine observed that
(continued on next page)

First 40 Weeks Report: EARNINGS DIP SLIGHTLY AS SALES MAKE 11% GAIN

Peter S. Paine, Chairman of the Board and Chief Executive Officer, reported on July 22 that the Company closed the first 40 weeks of its fiscal year on July 6 with net income totalling \$10,440,000 as compared with \$11,455,000 for the corresponding period last year.

The decrease in profits, Mr. Paine explained in the interim report to stockholders, "reflects the significant increases this year in pulpwood, labor and transportation costs."

Earnings were made on sales of \$133,279,000 (including \$3,939,000 from plywood), an increase of 11% over the same period last year when sales amounted to \$119,578,000. Paper and containerboard shipments totalled 1,078,607 tons, or 7% more than last year.

"Demand continues strong for all of our products and price increases on containerboard and coated paper have been announced...consequently, the outlook for the balance of our fiscal year is favorable," Mr. Paine stated.

GN's Chief Executive also noted that the expansion program at Millinocket will "broaden our product line, strengthen our position of leadership in groundwood printing papers, and increase the profitability of our Northern Division."

Other highlights of the interim
(continued on next page)

Paper production for forty weeks ended 7/6/69

	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Production:				
Cedar Springs	532,341	1,980	472,743	1,846
East Millinocket	294,031	1,066	304,979	1,107
Millinocket	247,296	897	233,151	848
	1,073,668	3,943	1,010,873	3,801

Expansion Plans

(Continued from page 1)

the project was the logical outgrowth of a 10-year program of diversifying the production of the Millinocket mill.

Commenting on the planning that led up to the decision to launch the new program, he said market studies had demonstrated a promising growth in the use of groundwood papers in the fields of education and business.

"Great Northern has been a leader in groundwood printing papers for years," Mr. Paine stated, "and we mean to keep pace with the growth that we know lies ahead." In recent years, GN's sales of these grades have increased at a rate of better than 10% a year.

Besides the paper machine, the new facilities will include additional capacity for both sulfite and groundwood pulp, steam and electric power, as well as finishing equipment.

More than 100,000 cords of wood annually will be needed for the new production. About one-third of this wood will be poplar, with the remainder comprised of spruce and fir. The wood will come from the Company's 2-1/4 million acres as well as from present suppliers of purchased pulpwood and chips.

GN completed the \$50 million expansion program at Cedar Springs in fiscal 1968. Begun in 1965, this program has more than doubled the capacity of the Southern Division.

Interim Report

(continued from page 1)

report were as follows:

.Pre-tax earnings for the fiscal year to date are slightly ahead of last year--\$17,700,000 as compared with \$17,132,000--but after tax earnings are down--\$10,440,000 as compared with \$11,445,000. This is due to lower investment tax credit.

.Primary earning per share, based on the average shares of Common stock outstanding and issuable upon the conversion of convertible Preferred stock, amounted to \$3.17 this year, compared with \$3.53 in 1968.

.Fully diluted earnings per share, which assume the conversion of all outstanding convertible securities, amounted to \$3.06 compared with \$3.38.

GNP

Brokerage House Finds GN's Record Best in the Industry. A research bulletin released in June by Paine, Webber, Jackson & Curtis says this about GN:

"Great Northern's record over the last decade has been superior to other companies in the industry. In the last five years, the Company's net income increased 213% and sales rose 107%; over the last 10 years, net income gained 710% while sales increased 168%. Sales as a percent of net plant, earnings per share, and operating profit margins have all been superior to those of other leading paper producers."

(continued on page 3)

Brokerage Study

(continued from page 2)

An earlier computer print-out analysis of the forest products industry by Paine, Webber provides financial data on GN and ten of its competitors. In comparing these ten companies with GN on the basis of operating income, pre-tax earnings, and after-tax earnings--all as a percentage of sales--as well as return on equity capital and return on total invested capital, the Company rated number one in all but the last category where it placed third behind Scott and Crown Zellerbach.

GNP

EAST MILLINOCKET

Boiler Overhauled on Nos. 5 and 6. From May 31 to July 2, No. 5 and 6 paper machines were slowed down for boiler overhauls. Extensive work was done on both stacks as well as baffle work, cleaning, tube inspections and acid cleaning. The M2S1 turbine is expected back in operation about August 1.

* * *

Wire Life Record Set on No. 5; Equalled on No. 6. A new wire life of 14-1/3 days was attained on No. 5 paper machine on June 18. The same day No. 6 paper machine wire matched an old record of 16 days. Both were Atlanta wires.

* * *

Friday the 13th Jinxes Power. The entire mill went down due to an electrical storm on June 13 at 6:25 PM for approximately 21-1/2 hours.

* * *

July 4th Celebrated. The holiday was observed with the mill shutting down at 8 PM on the 3rd and resuming normal operations at 8 AM on the 5th.

MILLINOCKET

Work Completed During July 4th Shutdown. While the mill was closed on July 4th, both primary gas coolers in the acid plant were re-lined; the No. 1 sulphite washer repulper was repaired; No. 3 paper machine calendar stack was reground; and the top of No. 1 filtrate tank was replaced.

* * *

No. 4 Bauer groundwood refiner was placed in operation on July 11.

* * *

Stainless Steel Wire Proves Unsatisfactory. A crack developed in the stainless steel wire (shute wire only) while in a test run on No. 4 paper machine. The crack appeared after 4 days. A similar problem arose during the first test run of this type of wire.

* * *

Borol Dropped. After three months of production testing, it has been decided to abandon the use of Borol as bleach additive. The mill will return to Zinc Hydrosulphite.

GNP

Maine Painting Used for Christmas Stamp. Winter in Maine, adapted from an unknown artist's painting, will be the basis of the vignette for a 6-cent 1969 Christmas stamp that will have its first day sale at Christmas, Florida on November 3. The painting, entitled "Winter Sunday in Norway, Maine," shows a church and a cluster of houses in the midst of a rugged New England winter.

GNP

Miller to be Workshop Co-Chairman. The Financial Division of the American Management Association will sponsor a seminar this fall (September 29-October 1) in their New York City headquarters on the subject of Administering the Credit Function. Ross A. Miller, Assistant Treasurer of GN will serve as Co-Chairman.

WOODLANDS-NORTH

Gulf Hagas Gift Lauded. The Senate and House of Representatives of the 104th Legislature of Maine passed a Joint Order on June 12 congratulating Great Northern and St. Regis Paper Co. for donating Gulf Hagas to the State, and recognizing it as a natural landmark worthy of preservation in its natural state. "It is indeed satisfying to see the concern with and contributions to conservation made by two such companies which are so greatly involved with the future of the State of Maine," Jerrold B. Steers, Secretary of the Senate, commented in a covering letter to Peter S. Paine which enclosed a copy of the Joint Order.

* * *

Summer Youth Employment Campaign Headed by Maines. John T. Maines, Vice President-Woodlands, is the 1969 chairman of Maine's Youth Opportunities United Committee which has mounted a campaign to find summer jobs for 15,000 youths. His group met recently to discuss the goals of the campaign with Gov. Kenneth M. Curtis and James Schoenthaler, chairman, Maine Employment Security Commission. A two column photograph of Mr. Maines, the Governor, and Mr. Schoenthaler in the July 7 issue of the Bangor Daily News made the meeting a matter of public record.

* * *

"Harkness" Engines Overhauled. While towing on the lower lakes, the large tow-boat, "E.A. Harkness," developed engine trouble that required a major overhaul of both its engines. Hour meter running time indicated operation equivalent to 240,000 miles. Repairs were completed in six days and the boat returned to service on June 30.

* * *

North Branch River Drive Completed. The North Branch Drive in the Pittson Area was completed on June 29. The rear of the main river drive is now in Seboomook flowage and the cleaning of shorelines is in progress.

Full Cutting Operations. All eight Company camps are now operating--three in Aroostook, three in Pittson and two in the Millinocket district. Tree length pulpwood is being trucked from all three camps in Aroostook to the chip plant which is processing fresh wood on a two-shift basis with good production.

* * *

GN Joins Three Other Parties in Motel Venture. A motel, jointly owned by Great Northern, Scott Paper, J.M. Huber and the Oakes Estate, will be erected at the base of the Squaw Mountain ski slope.

Construction of the 50-unit motel which will include a swimming pool and tennis courts is scheduled to start on August and be completed by December 1.

In a separate but related move, Great Northern informed the owners of the Squaw Mountain Inn property near Greenville that it has decided not to exercise its option to buy the property. The option expires on August 1.

* * *

Charred Lumber Resold. All salvageable timber damaged in the serious fire last year on land about 70 miles west of Ashland, have been cut and hauled to saw mills in Canada. The damaged timber was sold at reduced prices.

* * *

Seven From GN Attending Institute Meeting. Seven Great Northern employees are attending the two-week paper technology program at the 10th Pulp and Paper Summer Institute at the University of Maine, Orono. They are: Wesley A. Nash, Bertram A. Doyle, Charles L. Freeman, Richard D. Kroeger, Jr., Lee Wheaton, John Wiltse and Charles L. Oliver. International Paper was the only other paper company to have as many representatives at the school. A total of 125 men from 68 companies and 22 states and Canada are attending the session which is the largest registration in the history of the Institute.

No Big Fires to Date. There have been no major forest fires so far this year, due to ideal weather conditions. Snow was late leaving, and the woods turned green quickly after the snow melted. In most of the North country frequent rains have kept the woods damp.

* * *

Wildlands Next to Public Roads Are Zoned. The past session of the Maine Legislature made a start on zoning wildlands. The legislation that was passed will mean that there will be zoning restrictions on wildlands bordering on public highways. Many consider this will eventually lead to state-wide zoning, not only of wildlands but also of any town or city that does not have sound zoning ordinances.

CENTRAL ENGINEERING

A New Starch Conversion System is Being Installed that will allow the clay starch slurry in the coating plant at Millinocket to be injected with hydrogen peroxide on the No. 2 starch cooker system. The new system permits the use of pearl starch, which is more economical. No. 1 starch cooker has already been converted.

* * *

Groundwood Bleaching System Improved. An unused chest in the Beater Room will be utilized to bleach the refiner groundwood used in base stock production on Nos. 7 and 8 paper machines. The new system, which has adequate controls for improving bleaching efficiency and pulp uniformity, will produce brighter, more uniform bleached groundwood at lower cost. At present, all refiner groundwood tonnage is bleached in an outside storage tank.

GNP

Paper Age Shows GN Coater. Three photographs of GN's Black Clawson Fountain Blade Coater were used to illustrate an article by contributing editor Maurice R. Castagne in the May 1969 issue of PAPER AGE.

WOODLANDS- SOUTH

On Again, Off Again Oil Search Is Off Again. The second in the current series of test wells in Early County, Georgia was abandoned on July 13 when a gusher of salt water rose out of the hole. Justisse-Mears Oil Company of Jena, Louisiana, an independent, was drilling for oil on Great Northern land about a mile from the Cedar Springs mill. The firm was drilling for Harris G. Anderson and Roy J. Anderson, lessees of oil and mineral rights, of Mobile, Alabama. The first well in this series of explorations was begun early in 1969 and was abandoned at a depth of more than 7,000 feet when salt water surfaced. This location was approximately three-quarters of a mile from the mill. The present operation is some 50 feet from Early County's first well which was drilled in 1942 and dropped as a non-producer the same year.

* * *

Heat Wave Slows Things Down. Unusually high temperatures and humidity have contributed to a slackening in the cutting of both pulpwood and plywood logs since early in June. Readings of 98-100 degrees have been common in Georgia and Alabama. Woods labor have been unable to produce at full capacity during this period.

* * *

Vacations and Military Leaves Force Re-assignments. Many woodland employees have been temporarily re-assigned to new jobs this summer as vacations and leaves for summer military training take their toll. Foresters who normally perform timber cruising and land management duties are filling in as scalers and equipment operators on Company-owned pulpwood concentration yards until the situation improves.

Justice Dept. Making Inquiry into Paper Industry Activities. GN and several other paper companies were served with a subpoena on June 17, requiring various documents pertaining to all phases of the pricing and marketing of pulp, paper and board.

CEDAR SPRINGS

Necessary Chores Get Done During Plant Shutdown. A successful seven day maintenance shutdown ended Sunday, July 6. The following repair jobs were completed:

.Number 1 liquor clarifier converted and rebuilt.

.Number 2 base blow tank reworked.

.Smelt spout openings on Number 2 Recovery boiler replaced,

.Inspection made of the recovery stack to determine what repairs would be necessary during the next scheduled shutdown in September.

.Control valve and isolating valve replaced on the 850-150 pound desuperheater station.

.Final repairs made to the Number 2 precipitator which was damaged by fire in December 1968.

* * *

Status Report on Major Projects:

.Fuel Oil Conversion Barge-Dock construction began the week of July 14.

.Lunch Room-framework is nearing completion. Work on this new building began June 16. The lunch room is located outside the entrance to the administration building.

.Compressor Building-equipment foundations are being completed.

.New Sheet Piling-a total of 162 feet of sheet piling, tying the sheet piling at the dock to the sheet piling at the raw water pumping station, is being installed.

.Most of the equipment for the digester liquor circulating system has arrived.

.Fiber Reclaiming System-Eastern Engineering is progressing on the design of this system which will provide facilities for reclaiming fiber from the effluent clarifier. Reclaimed fiber can then be fed back into the system at the stock preparation saveall.

GNP

Elected Life Member. M. C. McDonald, retired President of Great Northern, was elected a life member of the University of Maine Pulp & Paper Foundation on June 1.

TRANSPORTATION-SOUTH

Two Months Completed Without Damage GN's containerboard mill at Cedar Springs handled a total of 7,528 rail cars (in-bound and outbound) during April and May without incurring any demurrage. This is an indication of excellent coordination and control by all departments.

GNP

Article and Ad on GN-Ply Featured in Same Issue of Magazine. A two-page story on current operations at GN's year-old plywood plant plus a two-page advertising spread in full-color appeared in the June issue of Crow's Forest Products Digest. W. K. Hoseid, Vice President and General Manager of GN Plywood Corporation, reports that the article and ad in this special plywood issue have produced "several inquiries and few sales to new customers."

SALES AND SERVICE

What's New on Palette + Plus? La Salle's Department Store in Toledo, Oh. is planning a year long campaign using Palette + Plus paper in the Sunday TOLEDO BLADE. The BLADE has placed an initial order of 27 tons in the deep violet shade...The index section of J. C. Penney's Fall-Winter catalog features 28 lb. yellow and green Palette + Plus shades...PLAYBOY magazine has placed an order for 110 tons of a special dark olive color to run as a preprinted insert in an upcoming Fall issue. The 6-page gatefold insert will be used to feature the magazine's popular jazz poll. The cover of the section will be printed in two colors, using the Ink Wedge Palette concept developed by the Du Pont Color Council to produce a multi-color effect. Publisher Hugh Hefner has already indicated PLAYBOY will purchase another 110 tons of violet for a second run if this first usage proves successful.. Northeast Publishing Co., a subsidiary of the Bangor Daily News, has been conducting tests on Palette + Plus papers at its offset printing facility in Presque Isle, Maine, with the object of selling several large discount (continued on page 7)

chains on the idea...An artist sketch pad, containing 10 sheets of each of the six dark shades with a cover explaining the Ink Wedge Palette, is now ready and will be shipped to the top 100 ad agencies and leading newspaper and magazine advertisers around the country after distribution to the branch offices.

* * *

Milt Meyers Awarded 35 Year Pin.

In a brief ceremony at the New York Yacht Club this month, Milton A. Meyers, Newsprint Salesman, was presented a lapel pin in commemoration of his 35 years of continuous service to the Company. The pin was presented by John H. Staples,

Vice President-Sales. Members of the Newsprint Department were on hand for the occasion.

* * *

Newsprint Consumption and Ad Linage Records Set in May. U. S. newsprint consumption in May increased 6.2 percent over May, 1968. The total of 869,267 tons consumed represented an all-time monthly record, Editor & Publisher magazine reported. The volume of advertising in newspapers published in 52 U. S. cities amounted to 326.6 million lines in May--a new high for any month on record--and 6.6 percent above the strike-affected level of May, 1968. Volume for the first five months is running about 7.8 percent over the same period last year.

" P E R S O N N E L I T I E S "

NEW EMPLOYEES

Y. GRADY CHAMBLESS has joined the Southern Woodlands Department as Unit Forester reporting to Hoyt Grisom, Area Superintendent. Grady is a 1968 graduate of the University of Georgia with a BS degree in Forestry.

CECIL A. JARDINE has joined the Company as Foreman-Greenville Shop to fill the vacancy caused by the retirement of Albert H. Parent. Cecil will report to C. L. Nelson, General Superintendent-Greenville, Maine, Area.

ROGER P. KNIGHT has rejoined the Company as Associate Engineer in Millinocket. Roger will report to W. B. Metcalf, Electrical Design Engineer.

RICHARD E. McLEOD, JR. has joined the Company as Sales Trainee in the New York Office. Richard will report to J. V. Carena, General Sales Manager.

PHILIP E. MENDOLA has joined the Company as a Traffic Analyst in the Transportation Department in New York. Philip reports to J. D. Perkins, Director of Transportation.

PROMOTIONS AND TRANSFERS

EUGENE E. FLANDERS has been promoted to Junior Engineer in the Central Engineering Department. Eugene will report to H. W. Peterson, Senior Design Engineer.

HENRY F. GREIG has been promoted from Junior Salesman to Salesman. Henry will report to I. P. Phelps, New England Regional Manager-Newsprint.

WILLIAM C. HAGAN has been promoted to Assistant Pulp Mill Superintendent-Woodyard, Cedar Springs, reporting to Owen Fussell, Pulp Mill Superintendent. William joined GN as Mechanical Foreman in September 1963.

(continued on page 8)

STEPHEN G. HOBSON has been promoted from Junior Salesman to Salesman. Stephen will report to B. B. Appleton, Midwest Regional Manager- Newsprint.

CLARENCE H. KITCHENS has been promoted from the hourly classification of mechanic in the Maintenance Department at Cedar Springs to Mechanical Foreman, reporting to Jack Colson, Mechanical Supervisor. Clarence has been with the Company since September 1963.

EDWARD M. LAVERY, Director-Technical Service-Board has transferred to Board Sales. Ed will report to James L. Bellis, Manager of Board Sales.

JOHN W. REIF has been promoted from Personnel Assistant to Personnel Supervisor-Plywood Operations, reporting to W. E. Lloyd, Industrial Relations Manager. John transferred to the Southern Division in May 1967.

ALLEN J. TOZIER has been promoted from Supervisor, General Accounting, Southern Division, to Chief Accountant and Assistant Secretary at Great Northern Plywood, reporting to W. K. Hoseid, Vice President and General Manager. Allen transferred to Cedar Springs as an accountant in February 1967.

FRED A. YORK, JR. has been promoted from the position of Tour Foreman to Foreman-Stock Preparation. Fred will report to Bernard E. Gerry, Jr., Paper Mill Superintendent at Millinocket.

RETIREMENTS

DOROTHY M. OUELETTE will retire from her position as Supervisor-Office Services on July 31. Mrs. Ouellette began her career with the Company in 1930. In 1938 she left GN to teach school, rejoining Great Northern three years later. During her career, she has held various positions in the Controller's Department, including Pulpwood Supervisor, Central Typing Supervisor and Supervisor-Office Services at Millinocket, her present position.

ALBERT H. PARENT has retired from his position as Superintendent-Greenville Shop, effective July 1, 1969. Mr. Parent had been with the Company since 1930.

MARCUS C. RUSSELL has retired from his position as Foreman-Stock Preparation, effective July 1, 1969. Mr. Russell had been with the Company since July, 1931.

JOHN F. WARD has retired from his position as Townsite Manager and Clerk, effective July 1, 1969. Mr. Ward joined GN in May 1953. He will continue as a consultant to the Company, as required.

TERMINATIONS

WAYNE F. CROWELL has resigned his position as Chief Accountant and Assistant Secretary in the Great Northern Plywood Corporation.

DAVID F. CRUM has resigned from his position as Assistant Pulp Mill Superintendent Woodyard, Southern Division.

ALLEN E. HERDLE has resigned from his position of Research Chemist in the Company's Northern Division Research and Development Department.

THOMAS W. LOCKETT, formerly Sales Manager at Great Northern Plywood Corporation, has resigned.

ALLAN E. SYMONDS has resigned from his position of Manager-Corporate Profit Planning in the Planning Department.

RICHARD A. WARREN has resigned from his position of Investment Analyst in the Planning Department.

news release



PUBLIC RELATIONS
Robert P. Vivian
(203) 359-4000

GREAT NORTHERN PAPER COMPANY

A division of Great Northern Nekoosa Corporation

75 Prospect Street

Stamford, Connecticut 06901

FOR RELEASE A.M. FRIDAY, AUGUST 4, 1972

CEDAR SPRINGS, GA. August 3, 1972 -- A comprehensive two-year, \$13 million program to curb air pollution at the Cedar Springs, Georgia containerboard mill of Great Northern Paper Company, a division of Great Northern Nekoosa Corporation, will move forward immediately, Bruce P. Ellen, Vice President - Southern Division, announced today.

Mr. Ellen reported that the Development Authority of Early County, recently constituted by the County Commissioners, has formally authorized the issuance of pollution control revenue bonds to help finance the program. Patchen, Mingledorff and Associates, Augusta, Georgia, have been selected as design engineers.

"When our original mill was planned in the early 1960's and again when we launched an extensive expansion program in 1967, we included the latest in air emission controls," Mr. Ellen said. "Now, control levels that were at one time considered standard are no longer acceptable, and the addition of new equipment and modifications of some existing facilities are necessary, if Great Northern is to continue to comply with State air emission regulations."

-more-

The heart of Great Northern's extensive pollution abatement program is a new Babcock & Wilcox low odor recovery furnace equipped with a high solids feed concentrator and a precipitator designed to operate at 99.5 percent efficiency.

Mr. Ellen said that the Cedar Springs mill, which manufactures both kraft linerboard and semi-chemical corrugating medium for use in corrugated boxes, has been producing more than 2,000 tons of product a day. No increase in this output is anticipated.

He stated that when the entire program is completed in mid-1974, Great Northern will be in compliance with the new Georgia air emission regulations then in effect.

Fair is Fair...

A great many words have appeared in the press about our exchange with the Baxter State Park Authority. Here are some clippings from papers around the state that you may not have seen:

Bangor Daily News
Calls It Good Deal

Timber Swap Okay: Curtis

By JOHN S. DAY Of the NEWS Staff

Gov. Kenneth M. Curtis stuck to his previously announced position Monday that members of the Baxter State Park Authority "acted on their best judgment" and made a good deal in exchanging timber with Great Northern Paper Co.

Curtis praised the authority for postponing, at his request, the signing of the proposed timber exchange.

"I felt that the public needed an opportunity to express any more concern that it might have and that the public needed a better opportunity to understand the reasons why the authority acted in the manner it did," the governor explained.

Under the cutting agreement, which probably will be signed Wednesday, GNP will relinquish its timber rights in the southern section of Baxter State Park. Those rights would have expired on Dec. 31, 1973, with or without the deal. In return, GNP would be given permission to harvest 111,000 cords of timber in Township 6 in the remote northern section of the state park and be given a two-year extension on their cutting deadline. The park authority claims that the deal is being proposed because GNP's planned cutting in the southern area of the park might injure some of the heavily-used scenic areas; but critics contend the deal is a \$700,000 "give-away" because GNP already has taken all the good wood out of the southern townships, despite a professional survey by the James W. Sewall Co. which estimates there are 160,000 cords of wood still in GNP's

four people who raised this question...about what Gov. Baxter said concerning the "forever wild" trust and what he said during his lifetime. He also signed documents, though which said that cutting should take place and this part is not argued too much. To say that he didn't know, or didn't contemplate this happening, is erroneous."

The governor continued: "When Gov. Baxter was alive, once he made a deal with someone...he wanted to continue the deal he made. This was another factor of his personality. Once he shook hands on something, that was it."

It was pointed out to Curtis that the "deal" Gov. Baxter "shook hands on" with GNP back in 1962 provided for cutting in Townships 2 and 3, the area critics say already has been exhausted of harvestable timber. If the park authority were to follow Gov. Baxter's original "deal", it would request that GNP harvest the 160,000 cords of wood the Sewall Co. says are located in Township 2 and 3 and let the area revert to its intended "forever wild" designation after Dec. 31, 1973, when the paper company's cutting rights expire.

Is it really such a good "deal" for the park authority to open up an entire new wilderness area to GNP cutting crews and give the company an additional two years to harvest the timber?

"What you are forgetting is that the deed to the north section states that cutting could

DAILY KENNEBEC JOURNAL

Sat., November 25, 1972

Fair swap at Baxter

Poor Gov. Percival Baxter; they just won't allow him to rest in peace.

It was Baxter who, through a lifetime of generosity, purchased and presented the state with the 200,000 acre Baxter State Park. And it is Gov. Baxter who every self-annointed, but poorly informed, "environmentalist" resur-rects whenever they disapprove of something that happens at the park.

"Governor Baxter wouldn't have allowed that," they intone, solemnly assuming a line of communication with the Other Side that lesser mortals fail to possess. Or, they declare, the proposed whatever violates terms of the Governor's trust, invalidating his demand that the park remain "forever wild."

The latest incident involves altering of the final cutting rights in the park: at the request of the Baxter Park Authority, Great Northern Paper Company exchanged its cutting rights in the lower townships of the park for cutting rights in the northern section.

Whether he wanted to or not, the Governor occasionally had to grant some concessions in order to purchase the land he desired for the park. It was grant the concessions or fail to obtain the land. Baxter, wisely, took the long-range view: grant the concessions or lose the land forever. In some

instances, these concessions involved retaining the right to cut the wood. That's what happened in this case; the deed gave the previous owner rights to harvest the wood. It was an arrangement Gov. Baxter agreed to, legally, and so to say he would not allow it today is nonsense.

But that wood is in an area of heavy use. Alert to its responsibilities, the Baxter Park Authority attempted to find some solution by which the legal obligations of cutting could be fulfilled yet be less of an eyesore. The way was opened by Gov. Baxter himself, for he had provided that scientific forestry management, including cutting, could be conducted in certain areas of the park.

That was what the park authority has proposed, and Great Northern has accepted: exchanging cutting in the easily accessible southern townships — which the paper company has every legal right to do and with Gov. Baxter's full knowledge — for cutting in the northern townships where Baxter, himself, arranged that cutting should take place.

Rather than being condemned, the Baxter State Park Authority should be commended for working out a solution exactly fitting conditions laid down by Gov. Baxter.

DAILY KENNEBEC JOURNAL

Coffee break

Yankee trading in Baxter Park

By JERRY DURNBAUGH

When former Gov. Percival Baxter was acquiring those 200,000 acres to give the state as Baxter State Park, he sometimes had to make accommodations to land owners in order to buy the land. It is the legal exercise of some of those accommodations that has ignited an emotional forest fire whose smoke has obscured a basic issue: there are legal claims in some sections of the park which must be honored.

"Over 30 years, starting in 1931 and ending in 1962, Governor Baxter acquired 25 different parcels of land," explained retiring Forest Commissioner Austin Wilkins, chairman of the Baxter State Park Authority. "Each deed had a little different language, and in more recent purchases Gov. Baxter could buy only when he gave the former owners cutting rights to the timber."

All told, owners of four separate townships retained cutting rights as a condition of the land sale.

Cutting on these townships has been going on regularly in the past, Wilkins said.

Great Northern would agree to exchange the cutting location to T6 R9 and T6 R10 where Gov. Baxter had reserved sections for scientific forestry management purposes. Terms provide that while timber can be cut there, no industry can be set up. The area, in the less frequented northern section of the park, was cut over long ago and has traces of ancient logging trails, Wilkins said.

Great Northern agreed to exchange its remaining cutting rights in the lower township to cut a like volume of wood in the northern townships. The James W. Sewall firm in Old Town appraised merchantable, operable wood in the lower township at 169,000 cords.

"Great Northern agreed to the exchange to cut 109,000 cords in the northern township. That's only two-thirds as much wood as they would have cut in the lower township," Wilkins said.

"They already had a road system in the southern township because they had been cutting there. In order to get the wood from the upper township they

Kennebec Journal, November 22, 1972

could take place in both of these parcels and I think that the authority felt, and rightly so, that it would prefer to see the cutting take place in a remote section of the park."

Because of the fact that two of the three park authority trustees are stepping down on Dec. 31 and most of the criticisms of the timber exchange involve technical forestry data, would the governor recommend an outside consultant, or an independent appraisal by new authority members after Dec. 31?

"That might be something the authority would want to consider. I feel the authority should do everything it can to dispel any doubts that people may have about the procedure," Curtis responded, adding that any delay to bring in the new authority members after Dec. 31 might not be a good idea because those members would be "inexperienced" in terms of the timber agreement.

"I do feel that the authority should bend over backwards so that people understand what it is doing. If somebody suggests that they have acted imprudently, or that (the trustees) exercised poor judgment, then they should change their mind on the decision," said the Governor.

Hasn't that situation already taken place? Curtis was asked: "There have been three or

Does that mean that Gov. Baxter intended that a private company like GNP should harvest hundreds of thousands of dollars' worth of timber in the township?

"Those are factors that the authority considered and they felt it would be better to go into the northern section rather than strip the rest of the southern section," Curtis concluded.

On other subjects, the governor predicted "we are quite confident that we will be able to fund both the current services budget and a modest part two budget without any increase at all in taxes."

—On the current contest between Rep. Louis Jalbert of Lewiston and Rep. John Martin of Eagle Lake for minority house leadership, Curtis said "I get involved in enough fights without getting involved in a family battle."

—The governor said he would continue to push for government reorganization, despite expected resistance in the heavily-GOP State Senate. Curtis said he won't give up his proposal for a new Department of Natural Resources, but doubted that he would be able to combine Fish and Game, Sea and Shore Fisheries, Parks, and Forestry into the new set-up as originally proposed. For the present, the governor indicated, he might be willing to settle for merger of Forestry and Parks into a single new department.

Baxter Park cutting

EAST WINTHROP — The chairman of the Baxter Park Advisory Committee said that the proposed substitute pulpwood cut in the park has the full support of the committee.

Dr. Robert Ohler said the panel has been kept "fully informed" concerning the problem of Great Northern Paper Co. and their cutting rights. The committee was consulted as the alternatives were explored by the park authority, Dr. Ohler said.

Dr. Ohler said a motion had been made last month by John L. Baxter of Topsham, a nephew of the late Gov. Percy Baxter and a member of the committee. The motion, expressing "full confidence and approval of the current negotiations with

the Great Northern Paper Co.," was approved.

Dr. Ohler summed the advisory committee's stand in this way:

That the retaining cutting rights in Township 2 and 3 and Range 9 are "a legal fact which is inescapable."

Such an operation "would be extremely unfortunate" in that the cut would be in a "much-used rugged scenic portion of the park";

The proposed transfer of cutting privileges to the little-used T6 R10 "will have little esthetic impact over the near future."

Dr. Ohler said the operation "offends everyone" but the proposal for cutting at the north end "is the best possible solution to a bad situation."

from Great Northern Paper Co., in T2, R9, remains mostly unharvested. Under terms of the sale, agreed to by Gov. Baxter, the company had until Dec. 1, 1973, to exercise the cutting rights.

"Great Northern has been cutting in the area periodically," Wilkins said, "so cutting in the park is nothing new."

Wood bank

Because of the proximity of the southern township to its mill in Millinocket, the company considered the rights there as something of a "wood bank," Wilkins said, a reserve of wood that could be harvested quickly and inexpensively in an emergency.

With the end of the cutting right period drawing close, the company decided to harvest the wood to which it had full legal rights on the 15,000 acres remaining uncut, and it so informed the Authority.

The Togue Pond to Roaring Brook road, the park's most heavily traveled, runs right through the area to be cut. It would have meant a highly-visible cut through the most frequently visited scenic area.

In order to protect the scenic integrity of the area, yet honor Great Northern's legal rights, Wilkins said he initiated action to see if Great Northern would sell its stumpage, rather than harvest the timber.

"Great Northern was receptive to the idea," Wilkins said, "but when we checked with the Baxter trustees in Boston to see if we could take funds to buy out the stumpage they said it couldn't be done because it was not a condition of the trust."

Swap

Then, Wilkins said, it occurred to the Authority that perhaps

little extra time." The agreement, which has not yet been signed by Great Northern, would give the company until April 1, 1975, to cut and remove the wood. That's two summers and three winters.

"I think the state has gained in several ways," Wilkins said.

"First, Gov. Baxter said scientific forestry management could be practiced in these areas and we can work out a cutting plan for maximum game management as well as forest management.

"Second it will remove old growth that is at maturity. Then the spruce budworm is making inroads in that area and we can cut out some of the pockets of infestation."

Wilkins said terms of the agreement also prohibit cutting of wood within 250 feet of any stream or road.

"Another thing," Wilkins added, "is that the wood is going to go off the township and not travel on the Baxter Park perimeter road. In the southern township it would have been removed on the Togue Pond road because the deed specifically set that as the route of ingress and egress."

The solution, Wilkins said, has allowed the state to keep its legal obligation, has protected the scenic beauty of the southern township of the park, and will mean that some 51,000 cords of wood, that would have been removed under the original deed to Baxter, will not be cut at all.

And to see that the 100,000 cord limit is not exceeded, Wilkins said, a supervising forester from the Authority will constantly be checking the cutting.

"As they approach the 100,000 cord mark he'll weigh every load and when the limit is reached, they'll stop," Wilkins asserted.

Maine Sunday Telegram Baxter Spokesman Backs Authority In 'Honest Deal'

By FRANK SLEEPER Staff Writer

"If you make a deal, I think you should stick to it," 76-year-old John L. Baxter, of Topsham, spokesman for the Baxter family, said Saturday night.

Baxter thus placed his stamp of approval — and that of the Baxter family — on the deal whereby the Baxter State Park Authority transferred cutting rights of Great Northern Paper Co. from the southern end of the park to two northern townships.

The move by the authority has stirred up controversy with opponents charging that the late Gov. Percival P. Baxter, who died in 1969, wouldn't have gone along with it.

"Uncle Percy bought the land in good faith from Great Northern, subject to cutting on it," John Baxter said. He indicated the former governor was very pleased with Great Northern when the original purchase was made.

"Both the authority and its advisory committee, including myself, thought we made a good deal in transferring cutting

rights to 160,000 cords in the heavily used southern area for 111,000 cords in the northern townships, which aren't heavily used," Baxter declared.

THE BAXTER family spokesman referred to earlier statements by former park supervisor Harry Kearney and Gov. Baxter's chauffeur, Joe Lee, as "sour grapes." He wouldn't explain further what he meant.

"There's less stumpage involved in a less critical area," John Baxter said "And that's all to the good. We're having to get tougher in general about people using the park as the pressure on it increases."

"My attitude is that Uncle Percy and Great Northern made a deal. It was an honest deal. While Uncle Percy was alive, he never tried to change it.

"If there had been no swap, the authority was prepared to be rugged with Great Northern if there had been any damage in the southern area. I believe the deal with Uncle Percy was an honest one as was the deal here. I don't think Great Northern has ever been bluffing," he asserted.

"JOE LEE SAID Uncle Percy didn't think much of the authority. That's not so. He thought very highly of it. And Joe also said the governor didn't like the purchase of equipment at Kidney Pond Camps by the state. Actually, Forestry Commissioner Austin H. Wilkins had talked to Uncle Percy about that and was told it seemed like a good idea.

Again, I want to repeat that any deal cutting down possible harm to Baxter State Park, as this latest move by the authority has done, is good," Baxter asserted.

John Baxter, a nephew of the late governor, was directed by his uncle in 1939 to represent the governor in any matters concerning Baxter State Park if anything should happen to his uncle.



GREAT NORTHERN PAPER COMPANY

A division of Great Northern Nekoosa Corporation



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VII No. 3

MILLINOCKET, MAINE

June 23, 1969

Mr. Paine Reviews GN's Record, Future Plans in a Talk to Paper Analyst Group

(The following is a digest of an address given by Peter S. Paine, Chairman and Chief Executive of Great Northern Paper Company to members of the Paper Industry Analyst Group on June 18 in New York City. A complete copy of his remarks will be distributed at a later date.)

"This talk will be GN's fourth official appearance before an analyst group in roughly 18 months; so I think it is fair to say that we are doing our bit to keep you gentlemen informed of our company's progress.

"Product Breakdown. To put our activities into perspective for you, GN's consolidated dollar shipments for the 36 weeks ended June 8th were split roughly 58% for our Northern Division and 42% for the South--made up of 27% newsprint and 31% uncoated and coated groundwood specialty papers from the North, and 39% linerboard and corrugating medium and 3% plywood from our Southern mills.

"Northern Newsprint. In the North, GN continues to maintain its prominent position among domestic and Canadian newsprint manufacturers. As you know, the Canadians produce roughly 75% of the newsprint tonnage consumed in the U. S., and while this represents substantially less than their U. S. market share in the 50's as a result of expanded Southern newsprint capacity, it represents about 80% of their total news-

print production. Obviously, the U. S. will continue to represent Canada's major market for this product and the major competition faced by Great Northern in our prime Northeastern market.

"Forecasted U. S. newsprint growth is expected to grow at a rate of 3.6% for the next seven years from a figure of about 9 million tons in 1968 to approximately 12 million tons in 1975.

"There are a number of social developments evident that should stimulate demand for newsprint. I am thinking particularly of the increasing frequency of weekly papers changing to daily publications in the faster growing suburban areas of our prime market area, the Northeast.

"Other signs include the technological changes occurring with the growing use of offset printing presses, which are providing printing shops with greater flexibility and the ability to compete for commercial printing in combination with newspaper printing.

"Groundwood Specialty Papers. While our projected annual growth for newsprint sales over the next 5 years is in the 3 to 4% area, we anticipate a much faster growth rate for our coated and uncoated groundwood specialty grades. These papers, containing varying percentages of groundwood pulp, have quality advantages in the area of opacity and printability. These characteristics make them particularly adaptable to
(continued on Page 2)

Paper production for thirty-six weeks ended 6/8/69. . . .

	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Production:				
Cedar Springs	480,848	1,981	427,285	1,851
East Millinocket	265,043	1,064	275,899	1,108
Millinocket	225,337	904	211,240	848
	971,228	3,949	914,424	3,807

markets presently under costlier 'free sheets' (free of groundwood). Don't forget that it takes roughly twice as much wood to produce a ton of sulphite paper as it does to manufacture the same ton with groundwood pulp.

"The groundwood specialty market, while difficult to measure, has grown from roughly a quarter million tons in the early 50's to 4 or 5 times that figure today, and it is a market in which we have a commanding position.

"Other Markets for Groundwood Papers. In addition to the directory and mass circulation paperback market which has already largely converted to groundwood papers, there are numerous other areas where groundwood papers have exciting possibilities. For instance, we have only scratched the surface in the business paper field, and yet the average useful life of 80% of all office copy paper has been estimated to be under 3 days. Some of the recent pilot grades we are developing may be singularly suited to this field.

Communication papers for teletype, adding machine tapes, computer print-outs and myriad business forms represent areas where our well-coordinated market research and manufacturing know-how have turned up new approaches to the development of a lower-cost groundwood sheet that can effectively replace the more expensive papers currently used.

A good example of the new imaginative approach our marketing people have taken in the development of new markets is our line of Palette + Plus papers which was developed in collaboration with the Du Pont Color Council.

"Two other important markets for

uncoated groundwood papers include the education field and retail promotion. Potential growth in the textbook field can be seen in the increasing obsolescence of classroom texts and growing demand for soft cover study materials as a result of the broader curricula being offered today and the increasing latitude being given to the course designers. Mail order and catalog selling have had a remarkable growth in recent years. In line with changing retail patterns, production of supplements to annual and seasonal catalogs have become standard procedure for some of the larger chain operators, and we are all familiar with the volume of direct mail advertising directed to selected markets in this day of specialized mailing lists.

"Coated Magazine Papers. You are all aware that mass circulation magazines are having difficulties competing for the advertising dollar; however, the expanding special interest publications are having a healthy growth. These specialty magazines represent an ideal market for our coated specialty papers because they generally call for smaller runs and varying characteristics for which our paper machines and off-machine coating operation are particularly adaptable.

"While there is excess capacity for coated papers today, we hold an optimistic outlook for our coated grades in fiscal 1970. Our off-machine coating facilities appear adequate for our foreseeable needs; however, we have given some consideration
(continued on Page 3)

ation to the addition of an on-machine gate roll coater should we require additional future coated capacity.

"In summary, with regard to our Northern mills, we anticipate an increasingly strong demand for newsprint and development of significant new markets for our coated and uncoated groundwood specialty papers. Obviously, to meet this demand will require the addition of capacity somewhere down the line. Fortunately, we own the wood resources which would enable us to increase our capacity as much as 50%.

"Southern Mills. Turning to our Southern operations, I can recall speaking to a somewhat larger group which included a number of you here today in early 1964 when our No. 1 kraft linerboard machine had been in operation in Cedar Springs for only about four months, producing 700 tons a day. As you know, since that time we have increased the capacity of that machine to 1,000 tons, added another linerboard machine, a semi-chem pulp mill and a medium machine, bringing our daily capacity up to more than 2,000 tons per day.

"At that meeting five years ago, the question was raised as to whether we would be able to market our linerboard production, and I think we have proven to both the investment community and the industry as a whole, that there was an economic need for another major supplier to the independent boxmaker.

"Linerboard and Medium. Two years ago, we and the industry were greatly concerned at what looked like a build-up of a tremendous overcapacity of linerboard. In less than a 3-year period new machines due to come on stream would add 30% to overall capacity--from the 9 million ton area to over 12 million tons.

"It was estimated that the linerboard mills would be operating at less than 85% capacity in 1969 with little relief until demand caught up with capacity sometime in the early 70's. This fear, I think, was the cause of the sharp price decline for linerboard and medium that took place early in 1967 and continued

until late 1968. Strong demand both here and abroad plus a miscalculation on capacity conditions upset the chartists. As you know, the industry has been operating at near practical capacity since last November, and prices have been firming, although linerboard is selling today still some 3% below prices in effect in 1966. Meanwhile, we all know what has happened to costs.

"Prices. To quantify the magnitude of these price changes, let me give you some numbers. In 1963 when we entered the field, linerboard was selling around \$107 a ton. Prices strengthened in 1965 and moved up to the \$120 area in 1966. In the first quarter of 1967, prices began to slide and by the end of the year were down to \$107. Towards the end of 1968 the market showed real signs of firming, and the increase announced in February of this year brought linerboard back to \$115. Export prices during this period followed pretty much the same pattern. As is normal on all exports, increases take longer to put into effect, but prices are now moving up strongly.

"The full benefits of these increases have not yet been fully reflected in our Southern Division earnings to date. Nonetheless, the outlook based on the current demand for board and presently scheduled new industry capacity of only one additional machine is very favorable for the new two years.

"Plywood. Our other major Southern activity, Great Northern Plywood Corporation, is progressing well in its first full year of operation, and we feel this will develop into a very profitable venture for us if the expected strength in housing develops. We estimate that we will generate about \$6 million in sales this fiscal year. We are gradually upgrading our product by increasing the volume of sanded plywood produced.

"CIRR. We have one other Southern subsidiary which serves both the paper and plywood mills as well as other commercial plants along its 16 (continued on Page 4)

mile track, and that is the Chattahoochee Industrial Railroad. One reason to mention the railroad, aside from the fact that it is a very profitable Class I railroad, is its importance to our traffic operations. We presently lease 198 specially constructed high ceiling box cars and have another 52 such cars on order for purchase.

"Our Southern expansion is living up to our expectations in every way, and we feel Great Northern has successfully established itself with an excellent market position as a major supplier to the independent boxmaker."

* * *

CEDAR SPRINGS

Southern Division Tax Bill Goes Up. As a result of a recently completed tax re-evaluation based upon 1968 receipts, Great Northern's Southern Division, already the largest taxpayer in Early County, Ga., will be responsible for nearly one-third, or 32%, of the total county tax revenue. The new tax assessment includes for the first time the original installation at Cedar Springs. A referendum adopted in 1963 exempted industry from paying an ad valorem tax for a period of five years from start-up operations. In the case of GN, this exemption expired on December 31, 1968. The company had previously been paying an ad valorem tax only on its timber tracts and woodland vehicles. An additional ad valorem assessment covering plant expansion occurring since 1964, will be made at a later date.

* * *

New Flatcar Load Tested. The first shipment of plywood logs for transportation on a special flatcar with side stakes moved May 16 from GN's woodyard at Elba, Alabama to Cedar Springs with a net load of 157,000 pounds of logs, the equivalent

of three truck loads. Except for some minor modifications, the loading, transportation and unloading of the new car went smoothly. Additional experimental shipments will be necessary, however, before similar cars are built by the Seaboard Coastline Railroad.

* * *

New Rail Rates Reduce Shipping Costs. New rail incentive rates on linerboard and medium from the Cedar Springs mill to points East of the Rocky Mountains, which became effective June 12, could result in an annual saving of more than \$300,000. According to revised Transportation Department estimates, annual savings based on present shipments or loadings will be approximately \$120,000. In addition, increased loading per car, as projected, could save upwards of \$250,000 annually.

* * *

CIRR Orders 52 New Boxcars.

The Chattahoochee Industrial Railroad, celebrating its sixth year in business on July 8, has ordered an additional 52 Plate C boxcars from Pullman Standard Co. in Bessemer, Alabama. A Plate C car is 50 feet long and has a 70-ton capacity. When delivery is made in January 1970, the CIRR will then have a total of 250 Plate C cars in operation. According to K. E. Durden, Vice President and General Manager, the new cars are being acquired "to assure our customers an adequate supply of modern equipment. This action also demonstrates the confidence we have that the lower Chattahoochee Valley will continue to grow and prosper." At the same time, Mr. Durden called attention to a recent Alabama Power Company announcement. APC will locate its first nuclear-fueled electrical generating plant along the west bank of the Chattahoochee, a few miles up river from GN's containerboard mill and plywood plant. Construction for the (continued on Page 5)

power plant will begin shortly, and Mr. Durden feels this is bound to bring new industry into the area.

* * *

Construction of Barge Dock Has Begun. Construction of a fuel oil storage center and river barge unloading facilities is now underway at Cedar Springs.

* * *

A scheduled maintenance shutdown of No. 2 side pulp mill, power house and paper mill will begin June 30, with a cold total shut-down of 20 to 30 hours on July 2. Start-up is scheduled for either July 6 or July 7.

EAST MILLINOCKET

Two new production records were set during the ninth accounting period: A new weekly production record of 8,223.5 tons for the week ending May 25th, and a new daily production record of 434.5 tons on May 21st for paper machines Nos. 1 through 4. In addition, a new speed record of 1,290 fpm was established on No. 1 paper machine on May 21st.

No. 1 Turbine Generator has been dismantled for repairs and for replacement of the fourth stage of the rotor. The fourth stage came loose on the shaft in 1966, and this had been the first opportunity to replace it. The rotor is being repaired by the manufacturer, the General Electric Company.

No. 1 Boiler was shut down on May 31st for its annual inspection and overhaul. In addition to routine repairs to the boiler, the overhaul will include acid cleaning, major baffle repairs, and relining 50 feet of the stack. The No. 2 boiler is scheduled to be overhauled shortly after the No. 1 Boiler is started up.

MILLINOCKET

Governor Curtis Visits Millinocket Mill. Governor Kenneth M. Curtis was the guest of Peter S. Paine, Chairman and Chief Executive of Great Northern, June 5-6. Accompanied by a party of five, the Governor arrived in Millinocket Thursday, June 5th, for his first visit since becoming governor. He toured the Engineering & Research building, the M₂O plant construction site, the coater plant, and the paper machine rooms. Later that same day, the group was flown in to Penobscot Lake Lodge. In addition to the Governor, the party consisted of Lawrence Stuart, director, Parks and Recreation; Austin Wilkins, Commissioner, Maine Forestry Department; Captain Charles Wyman, commanding officer of the Naval Air Station; Sgt. Don Nichols, the Governor's aide; and Charles Robinson, who piloted the Maine Forestry Department plane. Mr. Paine's group included Robert J. Shinnars, Vice President-Northern Division; John T. Maines, Vice President-Woodlands; and Philip H. Bartram, Public Relations Supervisor-Woodlands.

* * *

Retirees Hear of GN's Future Plans. The annual banquet honoring GN Retirees and their wives was held June 11th at the Millinocket Junior High School. Robert J. Shinnars, Vice President-Northern Division, the principal speaker, told his audience the company is presently making a study of adding production capacity at Millinocket and in wood procurement. "It would appear," Mr. Shinnars said, "that within the next five years we will entirely eliminate the river drive and bring long logs to Millinocket with oversize, off-highway trucks. Great Northern is also studying the possibility of building an important link in its northern woodlands road system that would permit the trucking of (continued on Page 6)

large amounts of pulpwood directly from the woods operations. Lower costs will be the primary results, but we expect other important benefits in the form of a saving in labor and in cleaner, better quality pulp," Mr. Shinnors explained. Among the honored guests were those who had retired in the period from May 1, 1968 to May 1, 1969.

CENTRAL ENGINEERING

Groundwood Refiners Installed on Nos. 7 & 8. Two 26-inch Sprout-Waldron Twin Flow Refiners with hydraulic plate positioning, control consoles, and one spare set of plates have been installed at Millinocket. This equipment will process 50 tpd of fine groundwood on Nos. 7 and 8 paper machines. The refiners are driven by two 300 hp, 600 rpm motors, and each refiner has its own control panel with provisions for remote control.

* * *

Dry End Pulpers for Nos. 7 & 8. The old beater and discharge pump common to both paper machines at Millinocket has been removed and independent pulpers installed, including the necessary pumps, motors, foundations, chutes, piping, instruments, and electrical wiring.

The new pulpers will handle all of the dry end broke, including slabs. Broke from each pulper will now be pumped via an existing 8-inch diameter line to No. 7 outside tank, which is presently being used for base stock broke storage.

Each pulper will operate continuously and is capable of handling 180 tons per day. Tile vat arrangements are similar to those on Nos. 1, 2, 3 and 4 at East Millinocket. To provide maximum interchangeability, the rotors are duplicates of those installed on machine Nos. 1, 2, 3 and 4 at East Millinocket and machines Nos. 3 and 4 at Millinocket. The new pulpers began operating in April.

RESEARCH & DEVELOPMENT

New Analyzer Expected to Determine Shive Content Faster with Greater Accuracy. It has been demonstrated many times that the runability of groundwood papers is related to the shive content of the groundwood. (A shive is a bundle of fibers not completely separated.) Heretofor, the determination of the quantity of shives in a given pulp sample has been a laborious process at Millinocket because the concentration of shives is usually less than 0.1%. To obtain a measurable quantity of shives, it is often necessary to use several barrels of pulp. A new device called the Alfthan Shive Analyzer, recently obtained by New Product Research, may solve this problem. The Analyzer catches the shives in a small annular orifice and measures the number of times the orifice becomes plugged in passing a given sample of pulp. The test calls for a much smaller sample of pulp than the traditional screen test and requires less time to run. While the device is still being checked out, Research believes it will assist in product improvement because pulp shive content can now be determined faster and with greater accuracy.

SALES DEPARTMENT

Rainbow Lake Trip Awarded as Prize in Circulation Contest. Eight BANGOR DAILY NEWS carrierboys have won a camping trip to Rainbow Lake Camp after the recent tabulation of results in their Annual Spring Circulation Sales Contest.

GN Paper Runs Perfectly in High Speed Offset Press Test. Not a single web break occurred when Frederick H. Levy Co., a press manufacturer in Philadelphia, put three rolls of 35 lb. Jet Printing Paper, 25 x 38-500, English Finish, through a full-color (continued on Page 7)

production run at an unusually high speed of 1,500 fpm. (That's nearly twice as fast as a normal color run.) According to the printer, between 4 and 6 rolls could have been printed without a blanket wash-up. Levy made the run to demonstrate the capabilities of its new web offset press. The company filmed the entire run and will use the movie to show its press equipment to prospective buyers.

* * *

Store Chain Uses Palette + Plus.

Bradlees, a chain of 52 department stores operated by Stop & Shop, Inc., recently purchased 75 tons of a special shade of Palette + Plus brown for use as an 8-page insert in its 16-page Back-to-School rotogravure mail circular.

WOODLAND NOTES - NORTH

Gulf Hahas Region Now a Landmark.

In cooperation with the National Park Service of the U. S. Department of the Interior, Great Northern and St. Regis Paper Co. have set aside 500 acres in the scenic area known as Gulf Hahas. The Interior Department designated the region a Registered Natural Landmark. Gulf Hahas is a 3-1/2 mile gorge formed by the phenomenal outcropping of ledge, water and forest. It has steep slate cliffs, spectacular views, and leaping waterfalls. Great Northern, which owns approximately one-sixth of the land involved, and St. Regis have agreed to refrain from all commercial wood harvesting in the area and to remove fallen trees that might interfere with travel on the Appalachian Trail and in the Gulf area. Both companies will retain title to the land and will continue to pay taxes on the acreage set aside. Diamond International and Prentiss & Carlisle will continue to maintain the woods roads to Gulf Hahas from Katahdin Iron Works which facilitate travel to this area.

River Drive Delayed. The sluicing of pulpwood through dams and the towing of booms has been discontinued for approximately two weeks due to extremely high water conditions. (When the water is too high, sluicing deposits logs beyond the normal high-water mark and these are expensive to pick up.)

The drives are behind schedule for this time of the year, but Woodlands does not anticipate having to leave wood.

* * *

Spring Cutting Resumed. Five camps have begun cutting in the Aroostook and Millinocket areas. Ken Bartlett, Wilmer Saucier, and Dan Garrity began cutting May 19, and the Alderic Milliard and Raymond Guerette crews started work May 26.

* * *

Twelve More Tibetans Hired. By the end of June a dozen more Tibetans will join Great Northern for a life in the woods of Northern Maine. The 12 will immediately begin an intensive training program to learn pulp cutting at one of the camps where the six members of the original group began their woods work almost two years ago. Brought to this country in an effort to relieve a critical shortage of wood cutters, the first six have become skilled woods workers and can operate heavy equipment. The entire group of 18 will eventually make their home on a former potato farm north of Portage. Great Northern plans include the erection of already constructed dormitory quarters in addition to recreation facilities and dining quarters. The Tibetans will use the property to grow their own food. Additional immigrants are expected to arrive later this year.

WOODLAND NOTES - SOUTH

Policy Conference for Scalers. Scalers from more than 20 outlying (continued on Page 8)

pulpwood and log concentration yards attended a conference in Cedar Springs on June 16th. The purpose of this conference was to acquaint field personnel with GN policies and procedures regarding the operation of woodyards, wood quality, record keeping and reporting. Following the conference, the group toured the mill woodyard, observed the paper machines and visited the Great Northern Plywood Corporation plant.

Brokerage House Recommends Companies with Large Timberland Holdings. A generally optimistic report on the paper industry was released in May by Paine Webber Jackson & Curtis. Prepared by senior analyst Ralph Wm. Michaud, son of a longtime Northern Division employee, the 18-page Research Bulletin recommends the purchase of paper stocks as long term investments by commenting: "We would favor companies having large holdings of timberland, in view of their inflation hedge as raw materials; the eventual housing boom; the development of forest land for recreational and real estate purposes; and possible discovery of oil and minerals on the land. In this category, Paine Webber lists Crown Zellerbach, Great Northern, International, Mead, Potlatch Forests, St. Regis and Union Camp.

UBIQUITOUS PAPER

The product of the working press
Is used to make a woman's dress,
In packing glass and fragile goods,
For lining drawers, as rainproof hoods.
It's used for wrapping fish and trash,
When Rover has to make a dash,
To cover floors - and that's not all.
Some people paste it to their wall.
In fact, it's used so many ways,
I'm wondering if, nowadays,
It's newsprint that people choose
And not, perchance, the printed news.
Al Goodman - Harrisburg, Pa.
(As it appeared in EDITOR & PUBLISHER)

* * *

Matching Gifts Program Revised.

Great Northern has revised its Matching Gifts Program. Under the new program, effective January 1969, the company will match personal donations for its employees to colleges and universities on the following basis:

. Employee Eligibility - Any employee with at least 3 months service is eligible. It is not necessary to be a graduate of any college or university or to have attended a college or university.

. Collegiate Eligibility - Any college of university in the United States or its possessions which grants two or four year undergraduate or graduate degrees, whether private or tax supported, and is accredited by a national, regional, or professional accrediting organization.

. Gift Eligibility - Personal donations in cash which qualify for exemption under the Federal Income Tax Laws qualify under this program. Employee donations may be for restricted or unrestricted purposes, alumni or capital campaigns, endowments or scholarships, and may be made to more than one college or university. However, the company's matching gift will always be for unrestricted purposes.

. Size of Gift - The minimum amount to qualify for a matching gift is \$20. The maximum contribution which will be matched is \$500 per institution, per employee, per year.

. Procedure - Any employee desiring to participate in the program should obtain an application from the Personnel Department, complete it, and forward it to the school with his gift. The school will then complete Part 2 of the application form and return it to GN's Finance Department where eligibility will be determined and a check drawn and sent in the appropriate amount.

" PERSONNELITIES "

NEW EMPLOYEES - NORTHERN DIVISION

JAMES A. BLICKLE has joined the Sales Department as a Sales Correspondent, reporting to Richard L. Greene, Board Sales Service Supervisor. Mr. Blickle is a graduate of Western Michigan University with a BBA degree in Marketing.

HOWARD G. BRUSH, JR. has joined the Company as a Co-pilot for the Northern Division aircraft, reporting to Chief Pilot, Richard J. Martin.

GORDON W. H. BUZZA, JR. has joined the Controller's Department in Millinocket as an Internal Auditor, reporting to Gearry L. Ranger, Manager of Internal Auditing. Mr. Buzza graduated from Husson College, Bangor, Me., with a BS degree in Accounting.

JAMES W. HARPER has joined the Company as a Research Engineer in the Research and Development Department at Millinocket. Mr. Harper is a 1969 graduate of the University of Maine where he majored in Chemical Engineering.

JOHN E. MCLEOD, JR. has joined Great Northern as Administrator - Personnel, Woodlands at Millinocket, reporting to Henry J. Deabay, Personnel Supervisor-Woodlands. Prior to joining GN, Mr. McLeod was employed as a Personnel Supervisor in the Woods Department at Georgia-Pacific Corp.

ROBERT D. WALLS has joined the Great Northern Sales Department as a Sales Correspondent, reporting directly to R. L. Greene, Board Sales Service Supervisor. Mr. Walls is a 1969 graduate of the University of Maine and has worked for the Company as a summer apprentice for three years.

GERALD L. WILSON, a 1969 graduate of Ricker College in Houlton, Maine,

has joined the Northern Division Controller's Department as an Internal Auditor, reporting to G. L. Ranger, Manager of Internal Auditing. Mr. Wilson has a BS degree in Business Administration.

NEW EMPLOYEES - SOUTHERN DIVISION

ERNEST L. DANIELS and JAMES D. LAWRENCE have joined the Southern Division as Accountants, reporting to Charles R. Chandler, Manager of Accounting. Both men are 1969 graduates of Troy State University with BS degrees in Accounting.

PERSONNEL CHANGES - NORTHERN DIVISION

OPAL M. ARNOLD has been promoted from the weekly classification of expeditor in the Northern Division Purchasing Department to the position of Assistant Buyer, reporting to Erlon Crowther, Senior Buyer.

DONALD C. BROWN has been promoted from Junior Engineer in Central Engineering to Research Engineer with the Process Dynamics Group in the Research and Development Department.

DONALD O. NELDER has transferred from Central Engineering to Plant Engineering in the Millinocket mill. As Materials Engineer, Don will report to Richard Violette, Senior Engineer.

RICHARD L. GREENE has been promoted to Board Sales Service Supervisor in the New York Sales office, reporting to Frank Dunne, Sales Coordinator.

PERSONNEL CHANGES - SOUTHERN DIVISION

J. RUDY CLENNEY has been promoted to Buyer at Great Northern Plywood, reporting to Don Nolan, General Superintendent.

(Cont. next page.)

JAMES SALTER has been selected to fill the position of Safety and Training Coordinator in the Industrial Relations Department. He was previously employed as a Maintenance Mechanic since September, 1963.

GEORGE S. STOUGH, JR. has been promoted to Assistant Area Superintendent, Woodlands, reporting to Charles Arnold, Area Superintendent.

TERMINATIONS - NORTHERN DIVISION

CHARLES D. DUPERRY has resigned from his position as Safety Supervisor-Woodlands.

RODERICK L. HICKEY, JR. has resigned from his position as Sales Administration Supervisor in Board Sales.

LLOYD B. JONES has resigned from his position as Co-pilot for the Northern Division aircraft.

WALTER E. MAYHEW has resigned from his position of Senior Research

Physicist with the Product Development Group of the Research and Development Department at Millinocket.

LONNIE D. TEMPLE has resigned from his position as Trainee in the Millinocket mill Control Department.

NICK K. THOMPSON has terminated his position as Field Instrumentation Engineer at Millinocket to accept reemployment with the Brown Company.

TERMINATIONS - SOUTHERN DIVISION

WAYNE F. CROWELL has resigned from his position as Chief Accountant and Assistant Secretary at GN Plywood.

ROBERT C. JACKSON has resigned from his position as Safety and Training Coordinator to accept a position with a new pulp and paper mill under construction in Louisiana.

OTHER

PETER F. YACAVONE, Controller, will be located in his new quarters in the New York office on June 30.

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Should the Woodsman Spare That Tree? . . . This was a question put to several prominent people in the New England area by Wall Street Journal reporter, Jeremiah J. Mahoney. Herewith is a digested version of his article:

The New England countryside is among the most beautiful in the world. It is also, increasingly, the retreat for harried city dwellers who wouldn't dream of changing it by cutting even one tree.

But unknowingly, they are ruining the forests.

"Trees need to be cut on a selective basis to maintain a healthy forest and abundant wildlife," says William P. MacConnell, a professor in the Forestry Department at the University of Massachusetts in Amherst. Boston Federal Reserve Bank, which reviewed the problem a while back, warned, "A forest allowed to grow and mature

without any timber cutting becomes a biological desert."

"If trees aren't thinned out, a thick canopy is built up that shuts off the sunlight," says Robert Eisenmenger, a forestry expert and economist at the Boston Reserve Bank. "This prevents the growth of the low-level vegetation that wildlife needs for food and the undergrowth that wild things need for nests and for camouflage.

"Deer, rabbit, grouse, pheasant, and even the songbirds find it tough to live in this kind of environment," says Mr. Eisenmenger.

John J. Kelly, President of a logging company in Pittsfield, Mass., says that "where fields aren't logged, 'trash trees' - aspen or gray birch - tend to crowd out oak maple, pine, and spruce." He adds: "Trees are like any other crop. They have to be harvested, or they get old and die."



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VIII No. 2

MILLINOCKET, MAINE

May 23, 1969

PULPING CHANGES ANNOUNCED FOR EAST MILLINOCKET

Robert J. Shinnars, Vice President, announced on April 24 a major change in the pulping process at East Millinocket. The change-over, completed Wednesday, April 23, involved dropping the so-called chemi-groundwood process and increasing the Company's use of fresh cut softwood.

The most significant effects of the development, according to Mr. Shinnars, who heads the Northern Division, will be decreased costs, improved quality of product and reduction of pollution in the Penobscot River.

Shinnars said that the decision to drop the chemi-groundwood process was made in view of the fact that the Company is now in a position to supply fresh softwood on a year-round basis--made possible by greatly improved wood handling systems that have gone into operation at the East Millinocket mill. He noted that the start of the Spring breakup in the headwaters of the Penobscot allowed the conversion at this time.

Poplar will continue to be used as a component in the furnish at East Millinocket; however, it will now be introduced directly into the mechanical grinders instead of being treated chemically before grinding. As a result, mill effluent will be upgraded by the removal of the largest single source of pollution from the mill.

Another effect, related to the current changes, will be the ability to reduce the large inventory of pulp-

wood that has been maintained at the mill during the winter when the river is frozen.

By means of improved scheduling, year-round trucking and railroad deliveries, and improved facilities for barking wood at the mill, a sizable portion of our pulpwood inventory will be liquidated, thus reducing costs.

Employees in the chemi-groundwood department are being relocated in other jobs. Under Company seniority rules, they have the right to bid for other jobs at East Millinocket.

The chemi-groundwood process was introduced by Great Northern in 1953. The fundamental process, which was developed in the laboratories of Syracuse University for the Empire State Research Paper Associates Inc., offered a technically-sound method of pulping hardwoods. In recent years the plant has been operating at less than capacity.

For the time being the plant is being placed in "mothball" condition, Mr. Shinnars said. In this way it will be available, he said, for use at some future point. The Company is actively exploring new uses for the plant.

* * *

Great Northern Takes Option on Resort Property. The Company announced on May 12 that it is studying the feasibility of entering into the recreation business and has taken an option on property at Moosehead Lake, Maine, where the Squaw Mountain Inn once stood before it was demolished by fire two years ago.

(continued on next page)

Paper production for thirty-two weeks ended 5/11/69. . . .

Production:	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Cedar Springs	422,619	1,968	376,675	1,846
East Millinocket	233,516	1,056	245,439	1,110
Millinocket	199,868	904	187,895	850
	856,003	3,928	810,009	2,806

The announcement was made by Timberland Management following an erroneous story in the May 3-4 BANGOR NEWS that said "Great Northern may purchase the Squaw Mountain Corporation of Greenville."

John T. Maines, Vice President-Woodlands, has issued this clarification: "The article appearing in the May 3-4 edition of the BANGOR DAILY NEWS headlined: 'Great Northern Paper Company May Buy Squaw Mountain Complex,' written by Bud Leavitt, is erroneous. Great Northern Paper Company is in fact looking into the possibility of purchasing the Squaw Mountain Inn property in Little Squaw Township. It is not interested in the Squaw Mountain Ski Area which is the Squaw Mountain Corporation."

Mr. Maines said Great Northern plans include development of year-round housing and recreational facilities that would tie in with the present Squaw Mountain Ski Area for winter, spring, summer and fall attractions at Moosehead Lake.

* * *

Sportsman's Map of Northwestern Maine Now Available. The Woodlands Department in Bangor has available in limited quantities a new edition of this map which shows private roads, state highways, ranger headquarters, authorized campsites, lookout stations, Company gates, and privately operated campgrounds. On the reverse side information is provided on logging and road rules; licenses and guides; what one should do if lost or in the event of sickness; and general information

about accommodations, county maps, etc. This latest edition, prepared as a public service, is the result of a cooperative venture on the part of Seven Islands Land Co., International Paper Co., Oxford Paper Co., and Prentiss & Carlisle as well as Great Northern Paper Company.

* * *

GN Foresters Talk Safety. On April 14 the Southern Aroostook Forestry Association sponsored an all-day woods training and safety program at Katahdin High School in Patton which attracted about 125 people. Speaking on skidder safety was Kenneth Bartlett; a presentation on tree length trucking safety and laws was given by Alfred Cowett; and at another session Eugene Moore, vice chairman of the SAFA and forester for Great Northern, outlined the aims and purposes of the association: the promotion of good forestry practices, including the protection of wildlife, the enhancement of recreational opportunities and the encouragement of forest based industries.

* * *

How Much Land Does GN Own and Lease? A breakdown, by states, of Great Northern Fee forest lands acreage and Leased forest lands acreage appears below:

	Fee Lands	Leased Lands
Alabama	22,929	23,050
Florida	3,537	14,741
Georgia	97,670	28,430
Maine	2,171,394	None
Totals:	2,295,530	66,221

Allagash Wilderness Gift Noted by Press. To date more than 200 newspapers and magazines have featured the story of Great Northern's 770-acre gift of wilderness to the people of Maine, using in most instances the scenic photograph of Allagash Falls which was provided by the Public Relations and Advertising Department. Most recent example: MAINE LIFE, a monthly magazine printed on newsprint, which used this picture on the cover of its April issue.

* * *

Carrier Boy Summer Program Continues.

The very popular carrier boy trip into Maine's wilderness country will again be made available to GN contract newsprint customers during the summer months. As before, a typical group will consist of between two and four boys, and different groups will be at the camps simultaneously. The groups will be taken on tours of the East Millinocket mill, the Engineering and Research Center, and the Coating Plant before leaving for Johnson Pond where they will be entertained by members of the Woodlands Department. The group will then be flown into Rainbow Lake Camp to spend the remainder of their four-day visit. Rainbow is now open and the first group arrived on May 15.

* * *

GN Brochure Lauded by Editor.

"Recreation in Northern Maine," a booklet prepared by Great Northern to describe our multiple-use forest management policy recently was cited in an editorial appearing in the BELLEVUE (Mich.) GAZETTE, a weekly newspaper, which begins: "A typical example of multiple-use forest management is colorfully presented in a booklet published by the Great Northern Paper Company. Pictured are scenes of streams, forests and wildlife in a state of natural beauty that many have been led to expect would never be found on private timberlands," commented the newspaper. "The timber

company," the editorial went on to explain, has a land-use policy that "takes into account the reality that people must live even as they conserve."

* * *

Baxter Park Described as Camping Slum in the April issue of TRUE magazine. According to the article, written by AMERICAN FORESTS' columnist Mike Frome, the park is overcrowded and "lacks enough rangers to furnish guidance and protection for...many visitors, causing concern for the safety of hikers on mountain trails. Because of poor maintenance, soil erosion has been left unchecked." When asked by the BANGOR NEWS for a reply to these charges, Austin H. Wilkins, chairman of the Baxter State Park Authority and state forestry commissioner, denied that the park is being overrun by visitors. At the same time, he admitted that more rangers were needed; that parts of the radio communication system are obsolete; and more motels, camps and other such facilities outside the park are needed. Wilkins also told the BANGOR NEWS that the day-use system for those from Millinocket had been drawing complaints from area people which indicates that further improvement may be necessary.

* * *

Party, Plaques Mark Injury Free Year. A Smorgasbord Banquet was held at Edmundston, N. B. on April 18 in behalf of the employees of the operating camps of Alderic Milliard and Kenneth Bartlett. Both camps went an operational year without a disabling injury. Mr. Milliard's camp cut and hauled 17,310 cords of four foot pulpwood from May 1, 1968 to February 28, 1969. Mr. Bartlett's operators produced 15,774 cords of tree length pulpwood over a seven month period (May 1, 1968 to December 31, 1968). Plaques were presented by Arthur Allen of the Employer's Group of Insurance Companies to Orville Tripp, Area Supervisor, who in turn presented them to Messrs. Milliard and Bartlett.

SALES AND SERVICE

High School Students Invited on Field Trip. A new program has been set up by Newsprint Sales to interest youths attending secondary schools in careers in paper manufacturing or the newspaper publishing industry. According to Charles D. Tiedemann, Manager, Newsprint Sales, a group of at least 10 students from the Canterbury, Millbrook and Wooster schools in Connecticut and New York have been invited to tour both Maine mills and our woodlands operation. The field trip, which culminates with a visit to the HARTFORD (Conn.) COURANT, will last five days (May 19-23).

* * *

Scholarship Winners Named. Twenty-five high school sophomores were guests at The Gunnery School, Washington, Connecticut on April 25-27 as finalists in Great Northern's Third Annual Prep School Carrier Boy Scholarship Program. Nine of the boys were selected to receive either a full or partial scholarship. The papers which they represented were as follows: LOUISVILLE COURIER JOURNAL and LOUISVILLE TIMES; CLEVELAND PLAIN DEALER (3); LAWRENCE (Mass.) EAGLE TRIBUNE; NEW HAVEN REGISTER (2); MON VALLEY (Pa.) INDEPENDENT; and MANSFIELD (Ohio) NEWS JOURNAL.

The Wooster School will graduate this month three boys who were recipients of the first scholarships offered under this program. The boys were sponsored by the CLEVELAND PLAIN DEALER, MON VALLEY INDEPENDENT, and the BRIDGEPORT (Conn.) POST. Each will receive an engraved watch from Great Northern upon graduation.

* * *

New Sales Post Established. Louis Rotar, a salesman in the New York office, has been promoted to Regional Manager-Newsprint, effective June 1. In this new position, Mr. Rotar

will supervise sales operations in New York, Pennsylvania, New Jersey, Delaware and Maryland. He will continue to report to Charles D. Tiedemann, Newsprint Sales Manager.

* * *

Palette + Plus Presentations Continue. To date more than 15 major sales presentations have been given on our new line of Palette + Plus colored papers.

The bulk of the presentations have been shown to national retail chain stores and publishers. The most recent presentation was made to an automotive manufacturer and may result in large scale national campaign in the Fall. In the retail area, the ice was broken by the J. L. Hudson Company, Detroit, on April 14 when it ran a full-page Palette + Plus advertisement in the DETROIT FREE PRESS. This ad was followed up by stories in two nationally circulated trade publications--EDITOR & PUBLISHER and RETAIL ADVERTISING WEEK. Said E&P: "Great Northern has created a new dimension for color advertising." RAW, a weekly publication that is read by 900 top department store ad executives, noted that "Great Northern has a great new way to give you smashing ROP color." Both articles have aroused more interest in the color-on-color idea. Requests have been received from several retail outlets for more information. Presently in the works are two separate promotion pieces. The first is a Palette Sketch Pad containing 10 sheets each of all six dark color shades. The pad will be sent to art directors at the top 100 advertising agencies and to major department store designers. Since the pad is authentic size (18x24), suitable for newspaper layout, it is expected to have wide use among this group. The cover of the pad explains in detail how to use Palette + Plus papers with colored ink to achieve the most dramatic effects. The second promotional tool planned for distribution at the decision-making level is a folder containing an eight-page standard size newspaper showing actual (continued on next page)

samples of ads printed on Palette + Plus papers. Four leading department stores have been invited to create the ads for inclusion in the newspaper.

* * *

Boiler Failures Hamper Production.

A chemical upset caused the failure of Number 3 boiler at Millinocket at approximately 12:25 p.m. on May 9, and Number 2 boiler at 3:15 p.m., same day.

Number 3 was put back on line by 11:05 a.m. on May 10, but failed again at 5:15 a.m. on the next day. Number 2 boiler was back on line by 11:25 p.m. on May 10. Robert J. Shinnars, Vice President, Northern Division, said that Number 1 and Number 2 boilers have been kept "below overload to forestall any more failures until Number 3 is fully cleaned."

Production, according to Mr. Shinnars, was curtailed while both boilers were out of service. Production was also curtailed, he said, at East Millinocket on May 10 due to high pressure line failure in the Number 1 Grinder Room. "Although the direct cause was the high pressure line failure, the magnitude was increased since the Millinocket Steam plant could not furnish the needed 60 horsepower for lack of steam," Mr. Shinnars explained.

* * *

EAST MILLINOCKET

New Adhesive Tested on Tube Winder.

On May 1 a trial was started on the tube winder using Swift adhesive instead of Silicate of Soda. Several dilutions were made with the ratio of 40 per cent glue to 60 per cent water proving to be the best. This trial continued through May 9 allowing sufficient time to obtain reasonable average usage figures. We obtained 4,168 feet of tubing per barrel with the Swift adhesive compared to 2,961 feet of tubing per barrel with the Silicate of Soda. However, cost factors are such that unless further reduction of cost in the Swift product

can be obtained, it will not be feasible to use it.

* * *

River Wood Use Has Begun. On May 8 at 2:30 p.m., the softwood piles at East Millinocket were depleted and wood from the river is now being used.

* * *

RESEARCH AND DEVELOPMENT

Pilot Coater: Short Cut to Solutions. The pilot coater went into operation on April 3, 1969. This new unit is expected to provide answers quickly and easily where long and uncertain mill runs were previously required. The coater is being used to help solve both Research and Product Development problems. Coated paper made on this machine has been proven fully equivalent to mill production.

The coater takes an 18 inch web and operates at a maximum speed of 1000 feet per minute. This is considerably narrower and slower than the mill coater. The small size, however, is an advantage because it minimizes supply and operating problems. It has the added flexibility of running a large number of coatings in a short period and a wider coat range--7.5 lbs. to 15.0 lbs. per ream both sides.

Coating formula changes and new coating raw materials are now being tested to help solve current quality problems. Future runs will be made to study the effect of basestock changes. The pilot machine can be modified easily to study quality and product possibilities with different types of conventional coaters or completely new approaches to coating.

Before installation of our pilot coater, we visited about 30 other pilot coaters throughout the paper industry. It was found that a coater to fill our needs could not be purchased at a reasonable price. Either they were too small and limited in capability or they were too large and unnecessarily expensive to both build and operate. (continued on next page)

The decision was made to do the job within Great Northern. Design was done by the Research Process Dynamics Group, Engineering Services did most of the construction, and the Coating Research Group is now running it.

Great Northern personnel who are in the vicinity are invited to drop by and see how the pilot coater is being used in our programs to help improve coated paper quality.

* * *

CENTRAL ENGINEERING

Work on MgO Recovery System Progressing. Repair welding on the secondary system by Babcock & Wilcox is about 40 per cent completed, Central Engineering reported on May 2. This is about 10 per cent ahead of schedule. Status of other work on MgO is as follows:

- Number 1 acid decanting tank foundation has been formed and reinforcing bar is in place.

- Foundations for the Number 1 venturi recirculation pump has been poured and excavation for venturi recirculation pump Number 2 is complete.

- The locker room masonry is about 60 per cent complete and an additional 400 square feet of ground floor slab has been poured.

- The "U" drains are about 66 per cent complete.

- All pumps in Area 12, the evaporator area, have been set. Small stainless steel piping for the evaporators is now arriving from Douglas Bros., Portland, Maine.

- Digester top relief to accumulator is now in service.

- Weak red liquor line is 30 per cent complete.

- Molten sulfur line is 30 per cent complete.

- Accumulator relief drip line is now complete.

- Steam piping is 10 per cent complete.

* * *

CEDAR SPRINGS

Happy Birthday. Great Northern Plywood Corporation celebrated its first year in operation April 3. The plant entered into its second year with a full rated production load that calls for a minimum of six million square feet of construction grade plywood every month--enough to construct 1100 homes.

* * *

Reforestation Completed. Approximately two million pine seedlings were planted on 2,800 acres of Company lands in Georgia, Florida and Alabama during the 1968-69 planting season that ended in early April. Many of these seedlings will be of merchantable size and quality in 12-15 years.

* * *

Control of Undesirable Hardwoods Continues on pine producing lands in the South. Slow growing species of low economic value are being treated with chemicals and mechanical means to reduce competition for soil moisture, nutrients and sunlight. Chemical control measures are utilized during spring and summer months while mechanical methods are used on a year-round basis.

* * *

First Dual Purpose Flat Cars Placed in Service. Seaboard Coastline Railroad has placed in service a new rail car that will be used in delivering plywood logs. This is the first flat rail car capable of handling logs and plywood bolts. The first such car to be loaded was placed at Great Northern Elba, Alabama slasher installation. It is hoped that this development will permit Southern Woodlands Department (continued on next page)

to expand plywood log procurement activities in a wide area of operations. Previously, all plywood logs and bolts were delivered by truck within a limited radius of Cedar Springs. The design and development of this special equipment is the result of close cooperation between railroad and GN's Woodlands and Traffic Departments.

* * *

New Company Airplane Is Serving the South. A 1969, twin-engine (propeller), Cessna 401A airplane with a cruising speed of 260 mph has replaced the Piper Aztec as the Company's mode of air transportation in the Southeast.

Among the improved features in this brown and yellow plane with an avocado shade interior are the twin doors for easier embarking and debarking; highly sophisticated communications gear; deicers for propellers, wings and stabilizers; radar; automatic pilot; and greater flying range.

The plane came equipped to seat five passengers, but a sixth seat has been added.

The plane was picked up by pilot Harold Haskins at the factory in Wichita, Kansas and flown to Atlanta, Ga. where the automatic pilot instruments and radio gear were installed. The plane will be hangered in Dothan, Alabama.

The Piper Aztec has been placed up for sale on the open market.

* * *

Clyde White Wins TAPPI Award. The Gulf Coast section of TAPPI has announced that Clyde White, plant accountant at Great Northern Paper Company, Southern Division, has been awarded second place for his paper entitled, "Improving Profits," that was presented to the Gulf Coast section on November 22, 1968. Clyde was presented with a plaque and \$50 cash prize.

* * *

GN Moves Up. Just published (May 15) FORTUNE "500" directory lists GN in 466th place. GN stood 497th last year. In terms

of growth in earnings per share (1958-1968), GN led all other paper companies with an average annual increase of 34.82%. Overall, GN ranked 12th in this category.

NEW EMPLOYEES AT CEDAR SPRINGS

JERRY W. SNEAD has joined the Southern Division as Unit Forester reporting to R. C. Wakefield, Area Superintendent.

ELLIS L. STEPHENS, JR. has joined the Southern Division as Unit Forester reporting to Charles Arnold, Area Superintendent.

PERSONNEL CHANGES AT CEDAR SPRINGS

DONALD G. NOLAN has been promoted to General Superintendent at Great Northern Plywood reporting to W. K. Hoseid, Vice President and General Manager.

B. DONALD VICKERS has been promoted to Paper Mill Foreman-No. 3 reporting to Billy Sprague, Assistant Superintendent-Paper Mill.

HAROLD M. CHAMBLESS has been promoted to Paper Mill Foreman-No. 3 reporting to Billy Sprague, Assistant Superintendent-Paper Mill.

ROGER W. POE has been promoted to Green End Superintendent reporting to Don Nolan, General Superintendent.

EMMETT L. LONG has been promoted to Dry End Superintendent reporting to Don Nolan, General Superintendent.

WILLARD D. DILMORE has been promoted to Dry End Foreman reporting to Emmett Long, Dry End Superintendent.

JAMES A. HARRIS has been promoted to Green End Foreman reporting to Roger Poe, Green End Superintendent.

TERMINATIONS AT CEDAR SPRINGS

ROBERT A GARDNER has resigned from his position as General Superintendent at Great Northern Plywood.

" P E R S O N N E L I T I E S "

NEW EMPLOYEES

ADRIAN L. CLARK has rejoined the Company as a Budget Analyst in the Controller's Department at Millinocket, reporting to R. F. Bartlett, Assistant Controller. Adrian was previously employed in our General Accounting Department, and most recently, was self-employed in the Ellsworth, Maine area.

PERSONNEL CHANGES

JOHN P. BISHOP has been promoted to Salesman in the Chicago Sales office, reporting to B. B. Appleton, Midwest Regional Manager-Newsprint.

DONALD B. GRENNON has assumed the newly-created position of Marketing Coordinator. In this capacity, he reports directly to Howard Willets, Jr., Director of Marketing.

VAUGHN H. LANCASTER has transferred from the position of Tour Foreman-Pulp in the East Millinocket mill to Power & Recovery Foreman in the Northern Division Power System, reporting to P. T. Illingworth, Superintendent Steam-Millinocket.

ROLAND L. RUSSELL has been promoted to Safety Supervisor in the Millinocket mill, reporting to W. L. Adams, Personnel Supervisor. 'Rollie' has been an employee of Great Northern for 17 years.

REGINALD L. SWEET has been promoted to Control Engineer in the Millinocket mill, reporting to J. M. Giffune, Superintendent Control. Reggie has held several positions in the Research and Development Department, his most recent being Product Development Group Leader.

EDWIN WAITE has been promoted from an hourly classification in the Millinocket mill to the position of Tour Foreman-Paper, reporting to G. K. Casey, Day Foreman-Paper. Eddie brings 20

years of experience in papermaking to his new assignment having worked in the paper mill since 1949.

HASTINGS N. BARTLEY, JR., has been promoted to the newly created position of Superintendent-Pulpwood Inventory Control, reporting to J. F. Marquis, Director of Purchases and Stores, in the Northern Division Woodlands Department. In this capacity, the Head Scaler-Millinocket and the Northern Division mill scalers will be under his direct supervision.

EMERY B. GRANT has been promoted from Assistant General Superintendent-Millinocket to fill the vacancy of General Superintendent-Millinocket created by the promotion of 'Bun' Bartley. Emery will report to L. W. Hazelton, Superintendent-Operated Wood.

WILLIAM H. DRISKO has relocated as Assistant Superintendent from the Aroostook Area to Millinocket area to continue work on the Telos-Chesuncook operation which has been transferred to the general supervision of the General Superintendent-Millinocket.

VICTOR M. ANTONIELLO, previously plant controller for Georgia-Pacific Corp.-Woodland, Maine division, has joined GN as Financial Analyst, effective May 19. He will assist in the development, analysis and interpretation of information and in the appraisal of financial activities and trends on a Company-wide basis.

RANDOLPH SMITH has been promoted from Scaler in the Mattawamkeag Purchased Wood district to Assistant Head Scaler in the Millinocket area for both mills.

JOSEPH P. JAMIESON has been promoted from a weekly union classification in the Controller's Department to the newly-created position of Traffic Analyst in the Northern Division Transportation Department, reporting to P. P. Paul, Traffic Manager.

New advertising medium

Newspapers, stores put colors on color

Great Northern Paper Company has created a new dimension for color advertising with the introduction of a specialty stock that comes in 18 colors.

Called "Palette + Plus," these rich-textured, opaque papers offer advertisers—particularly supplement users—a foolproof and less expensive method for achieving multi-color effects with two inks.

The use of ink combinations on these colored papers to create new and exciting effects is practically limitless. If, for example, red and blue inks are printed on yellow stock, an advertiser will achieve several different color gradations, ranging from flesh-like tones to solid blacks. Using a combination of blue and yellow inks on red paper, a designer can create a dramatic array of oranges, greens and blues. No special inks are necessary to accomplish the multi-color results.

Special ink system

Until now, one of the major problems in the use of colored inks on colored paper has been the inability of the designer and the printer to predict accurately the end result of the finished impression. This problem has been resolved by means of an Ink Wedge Palette System devised by the duPont Color Council. Under the direction of Domenico Mortellito, chairman, this special system actually takes the guesswork out of designing and printing colored ink on colored paper by preproofing to guarantee predictability.

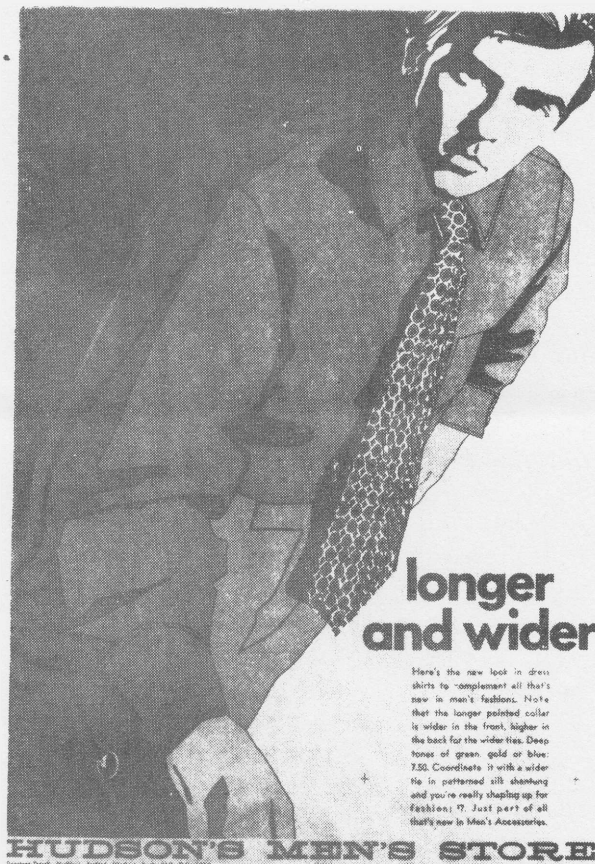
The ink wedge palette permits the designer to produce his graphic impression simply by making one piece of line art. The overlay is delineated and marked for the color to be represented, based upon the number of the color in the square selected on the ink wedge. It is done much the same way as the paint-by-number sets that are sold in stores. The color is then stripped in by the printer who, in fact, is stripping in the identical screen.

The introduction of the Great Northern line of Palette + Plus colored papers is attracting considerable interest among advertising people on both na-

tional and local levels. Famous-Barr, a department store in St. Louis, recently ran an eight-page, full-size, pre-printed supplement in the *St. Louis Globe-Democrat* on a special brown shade of Palette + Plus paper. On April 14, the J. L. Hudson Company in Detroit became the first advertiser to run a Palette + Plus advertisement on a run-of-press basis in the *Detroit Free Press*.

For this ad, J. L. Hudson selected the deep shade of violet to feature a new line of men's dress shirts. A combination of yellow and black inks on the violet substrate produced desired shades of olive in the shirt. On the reverse side of the page, Hudson's ran an ad in black.

Many of the advertising people who have seen examples of Palette + Plus ads feel they have as much attention-getting impact as do Hi-Fi and Specta-color preprints, but with lower cost and greater flexibility.



**longer
and wider**

Here's the new look in dress shirts to complement all that's new in men's fashions. Note that the longer pointed collar is wider in the front, higher in the back for the wider fit. Deep tones of green, gold or blue. 7.50. Coordinate it with a wider tie in patterned silk shantung and you're really shaping up for fashion; 17. Just part of all that's new in Men's Accessories.

HUDSON'S MEN'S STORE

Only one color (yellow) and black were necessary to show olive-tinted shirts on newsprint of a deep violet shade.

Looking at it from another viewpoint, Palette + Plus permits a newspaper to make available a rainbow of dramatic, multi-color effects using conventional printing equipment.

Palette + Plus has some design experts visualizing the day when a newspaper will be "red" all over. On those days when market reports are glum, business editors might choose to run their stories on red paper. Or an editor could conceivably add reader interest by printing different sections or editions on varying shades.

Great Northern's new line of Palette + Plus colored papers is available in six basic colors—red, yellow, blue, green, orange and violet. A minimum order of 50 tons is required.



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VIII No. 1

MILLINOCKET, MAINE

April 18, 1969

A further improvement has been included in the January 1, 1969, changes to the Retirement Plan for Salaried Employees. Early Retirement, with no actuarial reduction, has been reduced to age 60 with 15 years of continuous service.

Earnings and sales are reported in April. Great Northern had earnings of \$6,466,000 on sales of \$80,509,000 for the first twenty-four weeks ended March 16.

Pre-tax earnings for this fiscal year to date were slightly ahead of last year--\$10,922,000 as compared with \$10,647,000--but after-tax earnings were down--\$6,466,000 as compared with \$6,862,000--because of lower investment tax credit and the application of the 10 percent Federal income surtax for the entire twenty-four week period.

Primary earnings per share, based on the average shares of Common stock outstanding and issuable upon the conversion of convertible Preferred stock, amounted to \$1.97 in 1969, compared with \$2.11 the previous year.

Fully diluted earnings per share, which assumes the conversion of all outstanding convertible securities, amounted to \$1.90, compared with \$2.03.

Investment tax credit reflected in reported net income totalled \$600,000 this year and \$1,154,000 last year, accounting for a reduction

of \$.18 in primary earnings per share. The additional 10 percent Federal income surtax in this fiscal year further reduced earnings by \$298,000, or \$.09 a share.

Sales for the first twenty-four weeks were \$80,509,000, an increase of 13 percent over the same period a year ago and include \$2,580,000 contributed by the Company's new plywood facility.

In his interim report, Peter S. Paine, Chairman and Chief Executive Officer, told stockholders Great Northern shipped 656,550 tons of printing papers and containerboard during this quarter, an increase of 60,210 tons, or 9 percent over the corresponding period last year.

Mr. Paine said that while the reduced profit from operations was a reflection of the increasing costs of pulpwood, labor, materials and transportation, recently established price increases on most of the Company's products were expected to help offset these cost increases and to restore profit from operations to a more satisfactory level.

Great Northern's Chief Executive also stated that power costs in Maine had increased during the period because of a continuation of unusually low water conditions. The spring break-up is due shortly, and the Company then expects to benefit from increased production and lower power costs.

Mr. Paine said demand for all of Great Northern's products is strong and that the outlook for the coming quarter appears favorable.

Paper production for twenty-eight weeks ended 4/13/69. . . .

	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
<u>Production:</u>				
Cedar Springs	364,621	1,951	327,188	1,862
East Millinocket	203,548.5	1,053.6	214,352.9	1,110.6
Millinocket	174,490.8	903.2	163,837.2	848.9
	742,660.3	3,907.8	705,378.1	3,821.5

MILLINOCKET MILL

Digester Heat Recovery System went into partial operation April 9 with the pumping of waste sulphite liquor from the flushing liquor tank to the grinder room tailrace. With the installation of the new heat exchanger which transfers heat from digester extraction liquor to the cooking liquor feed, a reduction in steam consumption per ton of sulphite pulp will take place. This is part of the initial steps taken in the existing sulphite mill to prepare the red liquor for delivery to the new MgO Recovery boiler which is scheduled to start up this Fall.

* * *

No. 6 paper machine Venta-nip press. . . .This project involved the installation of a new Venta-nip press to replace the existing second press. New press rolls have been fabricated from rolls salvaged from the gloss calenders. The Venta-nip will improve operations by: lowering drying costs, eliminating suction pumps and chilled suction rolls, reducing maintenance costs and power requirements, and eliminating shadow marking.

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No. 2 supercalender has been equipped with variable crown rolls in the top and bottom positions. These rolls are expected to improve calendering facilities. Considerable time, effort, and paper will be saved when

determining proper operating crowns; the need for a roll change is eliminated in the case of a grade change; control of soft or hard edges will allow full utilization of the web width; the supercalender will be more versatile in controlling reel building variations. The advantages provided by the variable crown and uniform roll temperatures should contribute greatly to improved product quality. In addition, the ability to gloss rolls, which would have been lost with the fixed crown supercalender, will increase production.

The major equipment involved includes: Two swimming rolls, a hydraulic system, a cooling system, console drive alterations, duct alterations, piping alterations, and electrical alterations. These alterations were required for the installation of the swimming rolls and drive only.

EAST MILLINOCKET MILL

A new speed record was set April 1 when No. 6 paper machine ran 2,650 feet per minute for a 24-hour period.

The recent boiler failure at the Millinocket mill made it necessary for East Millinocket to shut down some of its machines. No. 2 paper machine was shut down at 8 a.m. on March 28 and was started up at 8 a.m. on March 29; No. 6 paper machine was shut down at 7 a.m. on March 29 and started up at midnight on March 29; and No. 3 paper machine was shut down

at 10 p.m. on March 29 and was started up at 4 p.m. on March 31. Maintenance work was performed on each machine while it was down.

The IMPCO service engineers arrived at the East Millinocket mill on Tuesday, April 8, for the purpose of obtaining higher vacuum on our new disc thickener which went into operation recently.

CEDAR SPRINGS MILL

Several mill tours have been conducted during the last week and a half.

On April 2, the Donalsonville Junior High School visited with 120 students and faculty.

On April 9, thirty-one representatives of the Flint River Conservation District visited while on tour of industrial sites in the southwest section of Georgia.

On April 11, both the Miller County Junior High School of Colquitt, Georgia, and the George C. Wallace Trade School (Electrical class) of Dothan, Alabama, toured the plant, representing a total of 154 students and faculty.

Newsprint production in United States mills in 1968 was 2,934,756 tons, a new high which is 12% or 314,436 tons above 1967, according to the Newsprint Division of American Paper Institute.

Canadian newsprint output of 8,031,306 tons was 0.3% below 1967 but shipments rose by 1.6% to 8,090,000 tons. Overseas shipments rose 23.3% to 1,300,000 tons. Sales to the USA declined 2.5% to 6,100,000 tons.

Oil search project halted. Two independent operators from Mobile have abandoned their oil drilling project on a site about one-quarter mile north of the Cedar Springs mill. The drill rig, which had been operating around the clock for about three weeks on a site leased from Great Northern, is now being dismantled.

Synthetic tree grows in Appleton, Wisconsin. . . A complete tree has been produced by the tissue culture process at the Institute of Paper Chemistry in Appleton, Wisconsin. The achievement is a breakthrough in tissue work generally, the Institute said, and in the science of forest tree improvement specifically. The tissue culture process is a method of growing and reproducing cells outside of the natural body of an organism.

The work was done under the direction of Dr. Lawson Winton of the Genetics and Physiology Group in the Biology Section and as part of the Institute's forest genetic research program. A significant contribution was made by Dr. Karl Wolter of the Forest Products Laboratory at Madison, Wisconsin, who is now at William & Mary College.

The tissue culture process had been previously used successfully to reproduce herbaceous plants such as tobacco, carrots, endive and parsley. But the instance at the Institute is the first known time that success has been achieved with any species of tree. The tree is a triploid aspen and is growing in soil. It is almost three inches tall and has a large root system, the Institute reported on April 16.

CORRECTION:

It was erroneously reported in the Newsletter of March 21 that Great Northern Board Sales would report to John H. Staples, Vice President-Sales, with regard to Kraft liner-board and corrugating medium sold to the export market. Export sales for all Great Northern products, including those manufactured at Cedar Springs, will continue to be the responsibility of J. V. Carena, General Sales Manager.

WOODLANDS NOTES

NORTH --

Multiple use of timberlands was termed a "must" by Leo L. Thibodeau, Director of Public Relations-Woodlands and Employment Manager, in a report he gave at the 51st Annual Meeting of the Canadian Pulp and Paper Association, Woodlands Section, in Montreal, March 19.

"If for no other reason than that of self-preservation, we must manage our timberlands for coordinated or multiple use," Mr. Thibodeau said. "While these lands are growing raw materials for industry, they can also be managed to satisfy public desire for outdoor recreation."

Mr. Thibodeau told the Canadians a firm multiple use policy should be spelled out. He noted that this has been done by Great Northern's chief forester assisted by area foresters under the direction of John T. Maines, Vice President, Woodlands. "These people," he said, "made a complete inventory of company lands, township by township, to determine various recreational uses compatible to our primary objective."

"This inventory," he said, "resulted in a 109-page zoning policy that clearly delineates the various recreational pursuits suitable to any given area."

The mobility of people, he pointed out, has become a major problem of land management. "Extreme care should be exercised when bulldozing roads at approaches to rivers and lakes in order to prevent erosion and pollution for the recreationist to see and complain about," he suggested. "Areas of aesthetic value should be preserved and strips of uncut or very lightly harvested timber should be left along major roads and waterways."

Mr. Thibodeau recommended that the companies involve their Timberland Management, Chief Forester and Recreational Supervisors in co-ordination at the planning and executive level.

In the March issue of FINANCE Magazine, an article, entitled "Private Lands for Public Fun," notes that Great Northern is among the few paper companies that have "made progress" toward balancing the recreational-multiple-use budget. The article quotes John T. Maines, Vice President-Woodlands, as saying that it costs Great Northern \$130,000 or more a year for the recreation program. "On the other side of the ledger," Mr. Maines told the magazine, "we have about \$31,000 in road use fees and \$94,000 in camp lease income. One of our objectives, in addition to good public relations, is a profit on recreational development. We have about reached a break-even point and expect to have the program well back in the black as population and outdoor recreation continue to grow."

* * *

Rail wood inventories are down to reasonable levels this spring, which will enable Manufacturing to enjoy fresh wood deliveries earlier this summer.

* * *

The six Tibetans who are employed as loggers in the Aroostook area visited the Millinocket mill Monday, April 7. They were given the opportunity to meet some of the Woodlands employees in the Millinocket area.

* * *

The Greenville and Millinocket areas are making final preparations to begin the river drive. Boats are being readied and rivers cleared of debris.

* * *

Messrs. L. Hazelton, C. Nelson, E. Lambert, and E. Grant attended a one-day management seminar at Husson (continued on next page)

College Saturday, April 5 on "The Tough-Minded Manager."

SOUTH --

The stationary tree-length slasher at Elba, Alabama, began operation in March and the shakedown run has been favorable. Built by the Link-Belt Company, the machine has a weekly rated capacity of 400 cords of pulpwood and 100,000 board feet of pine plywood logs. It is designed to handle the entire tree, less limbs, cutting the tree into 5'3" bolts after the plywood logs have been cut out.

The pulpwood bolts are then loaded onto a railroad car. Plywood logs are hauled to Cedar Springs by truck. Initial production has continued to increase weekly as the operating crew gains experience. A few minor mechanical modifications are planned to bring the production up to the rated level. Installations similar to the Elba slasher with the capability of high grading tree length logs are gaining favor in the South and will certainly be given careful consideration in future wood procurement plans. Our slasher stimulates both pulpwood and veneer production and will give our local wood procurement organization at least a temporary competitive advantage.

* * *

Pulpwood production continues at a high rate with the mill inventory very near the desired level. Farming has started in the South, and with it the demand for labor is beginning to be felt. This competition for labor is expected to have an adverse effect on pulpwood production throughout the summer and fall.

RESEARCH & DEVELOPMENT

The Analytical Laboratory has been chasing "bugs" for a number of years. "Bugs" is the descriptive term given

to bacteria and fungi organisms which exist in the various pulp and paper machine systems in the mills. We must keep the activities of the "bugs" under control, or we can truly have a "population explosion" on our hands. A population explosion among the "bugs" means slime growths in the mill, which means, of course, holes in the paper.

We keep the "bugs" under control by feeding them toxicant materials and by good housekeeping practices which include frequent and thorough cleaning sessions. A census of the population of "bugs" in each system is made weekly in the laboratory by actually counting the number of "bugs" in a single milliliter (one thirtieth of a teaspoon) of stock or water.

Some systems in the mill are obviously more accessible for cleaning and chemical toxicant treatments than others. The more inaccessible areas sometimes cause serious slime problems. An example of this is the intermill sulphite pipeline. It is difficult to clean and treat a piece of pipe seven miles long. However, slime growths do occur in the pipeline, and occasionally, as was the case earlier this month, they become massive enough to break loose and end up in the pulp at the East Millinocket mill.

It became necessary to clean the slime from the pipeline on March 31 and April 1. The cleaning was accomplished by pumping into the Millinocket end of the pipe caustic soda (a cleansing agent) and calcium hypochlorite (a disinfecting agent). Nine hundred gallons of these solutions were pumped into the line along with water. It took slightly less than four hours to fill the line. The cleaning and disinfecting solutions were allowed to "soak" the slime from the walls of the pipe for approximately eight hours. The slime was then scoured from the pipeline by passing a rubber "pig" through the line. The "pig" is a rubber ball which is slightly larger in diameter than the (continued on next page)

inside diameter of the pipe (18 inches). It is forced through the pipeline by water pressure behind it. The "pigging" operation was successful and went smoothly. It took approximately four hours for the "pig" to travel the seven miles from Millinocket to East Millinocket.

This operation last took place in 1963. It is hoped that a weekly treatment of the pipeline with chlorine (a high-powered toxicant material) will keep the slime growths under control for at least another six years.

TRANSPORTATION DEPARTMENT - SOUTHERN DIVISION --

In addition to recent records set on production and sales, the Southern Division has again been recognized by the Southern Railway System as the paper mill with the best woodrack-car detention record. According to a recent report, the railroad said Great Northern's Cedar Springs facility has the best performance of the 36 mills served by its line. During 1968, 18,236 cars of wood were delivered to the mill without incurring any demurrage.

* * *

Another outstanding performance is the loading, shipping, and transportation of plywood outbound at Great Northern Plywood. From startup in April, 1968, through March, 1969, all truck and rail shipments have moved damage free. That is, not one damage claim has been reported by a customer as a result of improper loading and/or damage to the plywood while in transit.

* * *

A meeting was held at Cedar Springs on April 9 to discuss the transportation by barge of fuel oil from Port St. Joe, Florida, to Cedar Springs. Representatives from operations, purchasing, transportation

and River Transit Company were present to review the details involved in scheduling, loading, transportation, and unloading. Fuel oil will be the first commodity to move in or out of Cedar Springs via barge.

* * *

Great Northern's Annual Hunt Breakfast for newspaper publishers in town for the American Newspaper Publishers Association Convention will be held this year on Tuesday, April 22, at the Terrace Room of the Plaza Hotel.

* * *

Lloyd wins golf trophy. On Saturday, April 5, the Great Northern Golf Association held its annual Spring Open Golf Tournament at the new and beautiful 7,341 yard Olympia Golf Course in Dothan, Alabama. Texize Chemical Company sponsored the event.

The trophy was won by W. E. Lloyd, Industrial Relations Manager, with the best overall score of the day-- 82.

Other winners by Flights were:
Championship - Jack Ricketson,
Reid Smith (Tied)
First Flight - Bill Lloyd
Second Flight - Joe Lebrasseur
Third Flight - Jule Talley
Fourth Flight - Ed Zuelke

A total of 42 members and 10 guests played.

After the Tournament, everyone enjoyed a Fish Supper at the Fish Camp where the prizes were awarded.

* * *

Congratulations to Gearry L. Ranger, Manager of Internal Auditing, who has been awarded a Certified Public Accountant's certificate from the Maine Board of Accountancy. Gearry was one of four who passed the examination given to a group of 60 candidates last November in Portland. (continued on next page)

A native of Farmington, Maine, Gearry received a Bachelor of Arts degree with a major in accounting from the University of Maine in 1961. He was employed for six years in the Boston office of the accounting firm of Arthur Andersen & Co. prior to joining Great Northern in 1967.

* * *

Newsletter editing duties re-aligned. The Public Relations and Advertising Department in New York has been assigned the responsibilities for editing this newsletter, effective with the current issue. The publication, which will continue to be distributed to management employees on the twenty-first of every month, has been under the supervision of Salary and Benefits Administration for several years.

* * *

Capital gains treatment assures good timber supply, John T. Maines, Vice President - Woodlands, told Congressman Wilbur Mills, Chairman of the Ways and Means Committee, which is holding hearings on the Revenue Code. In a letter to the committee chairman, dated April 2, Mr. Maines said Great Northern supports the retention of the capital gains treatment of timber under sections 631 (a) and (b) of the Revenue Code. "The revenue act of 1944, which afforded capital gains treatment to wood cut on our own lands and used in our own mills, made it possible for us to improve our forestry practices, so that we now carefully selective cut most of our lands in Maine, thus reducing the cutting cycle from one of 60 years to one of 30 years or less," Mr. Maines wrote Congressman Mills.

* * *

Have you noticed? Great Northern has a new ad slogan: "We bring out the best in the forest."

Insurance hike asked for Maine workers. . . . Elmont S. Tyndale, Republican representative from Kennebunkport, is seeking support of his bill to have a maximum increase of \$5 in Maine's unemployment Benefits Law, bringing the maximum weekly benefit to \$54. Lobbyist Edward H. Keith has opposed the increase on behalf of several large paper companies. He said the present law has a built-in escalator clause which will raise benefits as the average wage increases. According to Mr. Keith, most states now pay an average of 50 percent of the average worker's earnings as unemployment benefits. He said Maine's average now is 52 percent and Tyndale's bill would raise it to 59 percent.

400,000-ton Era Dawns for Dailies
 . . . THE NEW YORK TIMES expects to use 400,000 tons of newsprint in 1969, a milestone in the history of newspapers.

Not far behind is the Los Angeles TIMES which may attain the 400,000-ton level in 1970.

The New York DAILY NEWS, with 1968 usage of 350,000 tons, is the country's third largest customer.

Company representatives met on April 8 and 9 with Local and International Union Representatives and negotiated a three-year renewal of the Northern Division Hourly Pension Plan. The renewal, subject to final ratification, becomes effective May 1, 1969. It provides for increasing the past service benefit from \$3 to \$4 per month per year of service. The future service benefit will go from \$3.50 to \$5.00 in the first year, \$5.25 in the second year, and \$5.50 in the third year. Improvements were also made in the Disability and Early Retirement provisions of the Plan.

Department store uses Palette + Plus paper. A violet shade of Palette + Plus paper was used by J. L. Hudson Company, Detroit, for an ad in the Detroit FREE PRESS on April 14.

" P E R S O N N E L I T I E S "

NEW EMPLOYEE

JEROME H. WALKER, JR., previously an Associate Editor with EDITOR & PUBLISHER magazine, has joined Great Northern as Assistant to the Director of Public Relations and Advertising. One of his duties will be the editing of this Newsletter. Mr. Walker will be located in New York.

PERSONNEL CHANGES

CHARLES E. BREWSTER has been promoted from Rate Analyst to Traffic Supervisor in the Transportation Department at Millinocket, reporting to P. P. Paul, Traffic Manager.

* * *

ARTHUR E. CURTIS and ROBERT L. PULSIFER have transferred to the Northern Division Power System from the Sulphite and Pulp Processing Department. Reporting to P. T. Illingworth, Steam Superintendent - Millinocket, they will assume the new duties of Power and Recovery Foremen and will be trained in the new MgO Recovery area.

* * *

OWEN L. FUSSELL has been promoted to Pulp Mill Superintendent, Cedar Springs. He reports to George Van Goethem, General Production Superintendent. Mr. Fussell has been with the Company since August, 1963.

* * *

RICHARD L. GREENE has been promoted to Sales Correspondent, reporting to E. J. Leonick, Sales Administration Supervisor, in the New York office.

* * *

EDWARD J. LEONICK will assume the new title of Sales Administration Supervisor in the New York Sales office. The position was previously known as Order Processing Supervisor.

E. BART HARVEY has transferred from Timberlands Management to Pulpwood Procurement in the Northern Division Woodlands Department. He assumes the position of Engineer - Procurement Development, and will report to L. W. Hazelton, Superintendent - Operated Wood.

* * *

RONALD A. SAILOR has been promoted to the position of MRPP Project Analyst in the Administrative Services Department, reporting to R. E. Colburn, Senior Systems Analyst in Millinocket. Ron will assist in the development and implementation of the Medium Range Profit Planning system.

* * *

WILFRED E. WRIGHT has been promoted to Buyer in the Northern Division Purchasing Department, reporting to T. M. Knight, Manager of Purchases.

TERMINATIONS

LOUIS T. BONGIOVI has resigned from his position as a Scheduler in the New York office to become an industrial engineer for a Westbury (Long Island), New York firm.

JAMES N. DENNIS has resigned as Mechanical Engineer at Cedar Springs.

TERRY L. INGALLS has resigned as Unit Forester, Southern Division Woodlands Department.

ALAN F. HAMEL has resigned as Assistant Traffic Manager, Northern Division Transportation Department.

* * *

RETIREMENT

ROBERT E. LAVERTY has retired from his position as Senior Pulpwood Audit effective April 1, 1969. Bob had been with the Company since October, 1937.



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VII No. 12

MILLINOCKET, MAINE

Friday, March 21, 1969

Great Northern Board Sales . .

. . its assets, business, and goodwill, has been purchased by Great Northern Paper Company. The purchase was made through a transfer of Great Northern Common stock.

Great Northern will operate Board Sales as a separate division for the marketing of kraft liner-board and semichemical corrugating medium.

Called Great Northern Board Sales Company, a division of Great Northern Paper Company, the new organization will be located at 522 Fifth Avenue, New York City, which is also the headquarters of Great Northern Paper Company.

The Board Sales organization will report to the President, Robert A. Haak, on domestic board sales, and to Mr. Staples, Vice President - Sales, on export board sales. The two officers of Great Northern Board Sales are Robert C. Macauley, Executive Vice President, and Allan E. Miller, Vice President.

Other staff members of the Board Sales organization include:

J. L. Bellis, Director of Sales; R. K. Crippen, Director of Development; R. I. Hickey, Jr., Sales Coordinator; J. R. Estes, Salesman; S. X. Lantier, Salesman; M. Sachs, Salesman.

This month's issue of your Newsletter has been printed on Great Northern's new colored grade line, Palette + Plus. The colors used in this issue are just a sample of the 18 primary and secondary colors, in various weights and finishes, offered in this colored specialty line.

Because of limitations of time and the capabilities of our printing equipment, this printing has been confined to the use of black ink. But consider the possibilities of using various hues and shades of ink in combination with the standard colors of paper offered.

The Story of Palette + Plus - pg.5

Open House Research Days will be held by the University of Maine Pulp and Paper Foundation on April 17 - 18 at Orono.

A meeting of the Foundation Directors is scheduled Thursday, April 17. Student-faculty research presentations are also scheduled on this date with the annual dinner held in the evening. The annual meeting of the Foundation will be Friday morning, April 18. The events will close with a luncheon Friday noon.

Taking part in the activities from Great Northern will be:

R. J. Shinnars, Vice President - Northern Division, serving on Panel No. 1 and also as a member of the Scholarship Committee;

V. F. Mattson, Director of Research and Development, a member of the Research Days Committee; and P. H. Bartram, Public Relations Supervisor - Woodlands, a member of the Hospitality Committee.

Also representing GNP will be H. D. Acres, Manager of Engineering; A. E. Dentremont, Mill Manager - Millinocket; J. F. Marquis, Director of Purchases and Stores; C. H. Reed, Mill Manager - East Millinocket; and S. B. Weldon, Manager of Manufacture.

Paper production for twenty-four weeks ended March 16, 1969

Production:	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Cedar Springs	314,743	1,933	278,534	1,866
East Millinocket	174,591	1,051	183,969	1,108
Millinocket	152,330	917	139,493	840
	641,664	3,901	601,996	3,814

EAST MILLINOCKET MILL

No. 4 paper machine was started up on March 8 after being down since February 10 for a major rebuild. The rebuild consisted of a new headbox, tertiary cleaners, couch pit repulper, tile lining the wire pit and fan pulp silo, fourdrinier, frames, and miscellaneous work.

Several tests were run using the new flexible woodyard conveyors for winter drumming of wood. These tests were run during the period 2/14/69 through 2/24/69, and the results were satisfactory.

The new disc thickener in the Screen Room was started up on Saturday, February 22. It is running well, but some adjustments are needed in order to obtain more vacuum.

A trial was made on the spiral tube winder March 14, using sodium silicate. Machine changes and adhesive dilution were made, resulting in the attainment of the top winder speed of 21 fpm. Trial of another product having different sodium-to-silicate ratio was recommended for increases of speeds above 21 fpm. However, a check of the drive motor load and changes to the speed variation controls will be necessary before greater speeds can be attempted.

A new "weekly" production record for five machines was established during the week ending March 10 when 7,495.1 tons were produced. In addition, a new "daily" record for five machines was established on February 20

when 1,112.5 tons were produced. On March 2, a "daily" record of 436.4 tons was set on No. 6 paper machine.

MILLINOCKET MILL

The sulphite tailings refining system was started up March 4. This project involved the installation of a refiner, cleaners, screen, pumps, and related equipment to refine and process sulphite screen rejects. The system will recover sulphite pulp now being sewerred.

The sulphite knot refining system was also started up the same date, March 4. It is expected that this system will refine and recover sulphite knotter rejects now being sewerred. This project involved the installation of two refiners, screw conveyer, pumps, tanks, piping and necessary controls to refine sulphite knotter rejects.

A portion of the central additive system, the Borol bleach liquor preparation system, was started up March 6 and bleaching liquor was successfully produced. This system will enable the Company to manufacture its own sodium hydrosulphite. The system, which uses liquid SO₂ and Borol, is presently being used on Nos. 7 and 8 paper machines. It is anticipated that this system will enable the Company to improve bleaching efficiency and bleaching material costs.

(Millinocket mill news cont. next page.)

No. 6 machine was shutdown on March 17 for installation of a Venta-nip press. Other mechanical repair work will be performed at this time with a tentative startup date of March 31.

PROJECT 09 - MgO RECOVERY SYSTEM

... Engineering of the MgO Recovery system is essentially complete and all contracts for the construction phase have been awarded. The building is closed in and the finished siding and insulation has been installed in all areas where building ingress will not be required in the future.

The six heating elements for the evaporator are in place, and erection of the vapor bodies and related piping continues. Delivery of the evaporator is considerably behind promised schedules, but we do not expect this to delay our scheduled startup in September.

Most of the primary and secondary systems equipment has been delivered to the job site by Babcock & Wilcox who are erecting the boiler and the secondary (acid) system. We have run into major welding deficiencies in the stainless steel fabrications being supplied for the secondary system, and Babcock & Wilcox has increased its crew size in an effort to maintain erection schedules, while at the same time making the necessary welding repairs to the venturis and SO₂ piping.

Erection of the 301,000 lbs/hr. boiler is on schedule. The capacity of this system is primarily based upon the input to the refractory-lined water-cooled furnace of 1,660,000 lbs/day of dry solids having a heating value of 6,760 BTU/lbs. Steam conditions at the superheater will be 1,300 psig at 855°F.

WOODLANDS - NORTH

The annual winter meeting of the Society of American Foresters, New England Section, was held the week

of March 10 in Boston. John Maines, Vice President - Woodlands, presented a paper on "Management's Needs and Views on Research." Other GNP employees in attendance were: J. R. Goody, Bart Harvey, Louis Powell, and Phil Bartram.

This meeting brings together many professional, woodlands-oriented people from the northeastern United States and eastern Canada for an exchange of ideas and discussion of current problems in the field of forestry. Panel discussions and expert papers covering many phases of silviculture, management and research were offered. Topics which generated the most avid discussions were Taxation, Multiple Use, Urban Forestry, Forest Fertilization, and Harvesting Systems.

The Division of Forest Engineering reports that since there are very few cutting operations this winter due to deep snow, several projects are underway with available personnel.

1. Maps are being updated with several hundred miles of road surveys.

2. "Case History of GNP Co. Lands," a pictorial review with authenticated descriptions, first prepared in 1959, has been revised up to 1969.

3. Cutting operations and road planning has been projected several years into the future. This involved considerable winter exploration work in the Pittston area.

H. N. Bartley, Jr., General Superintendent - Millinocket; R. E. Blodgett, Assistant Superintendent - Pittston; H. J. Deabay, Personnel Supervisor; W. H. Drisko, Area Assistant Superintendent - Aroostook Area; R. A. Leadbetter, General Superintendent Purchased Wood; E. A. Lumbert, Administrative Assistant; E. L. Putnam, Assistant Superintendent - DFE; and L. L. Thibodeau, Employment Manager and Director of Public Relations; attended the Woodlands section meetings of the Canadian Pulp & Paper Association in Montreal this week. Mr. Thibodeau was a panelist in the section dealing with multiple use of timberlands.

(Woodlands news continued next page)

Woodlands News Cont.

In the Aroostook area. . . The main drive belt of the chipper at the Portage Chip Plant broke February 20, and the plant was down until March 1. The 23" belt was replaced by an 18" one of presumed superior quality. The plant is running very well and had its most productive week from March 3 to March 8. It was only down seven hours for mechanical reasons during the 90-hour double shift.

A 'Lost Time Study' is being conducted at the plant by Safety Supervisor, John Colgan, assisted by Paul Duval. The object is to determine the time lost in removing bark by hand, car shifting by crew, car shifting by railroad, mechanical failures, etc.

The Nesco slasher that has been at Unbazooksus for the past year slashing the wood from the operations of Raymond Guerette and R. J. Levesque & Sons, Inc., is being moved to East Millinocket.

SALES SAYS:

From the moment the decision was made to go into the manufacture of coated publication paper, McGraw-Hill Publishing Company became a prospect.

The initial opportunity to supply McGraw-Hill with any sizeable tonnage came in early 1966. The paper was used in American Machinist Magazine printed at Blanchard Press. Unfortunately for Great Northern, the paper was not up to the quality of their supplier, Blandin Paper Company. Later that year, we were again given the opportunity to be sole supplier for Engineering News Record. Fortunately for Great Northern, there was a slight improvement in the overall quality of the paper and McGraw-Hill continued to buy our sheet with little or no dissatisfaction.

Due to a change in the advertising format, pressure was being exerted on McGraw-Hill to move into web offset. Their largest and most profitable magazine, Business Week, elected in mid-1968 to print by the offset method. With a growing demand on the dollar, Business Week was looking for a savings in all areas.

This immediately opened the door to any reputable manufacture of lightweight coated publication papers. McGraw-Hill demanded that certain specifications be met. A 50-ton trial was awarded to International, Blandin, and Great Northern Paper Company. In late '68, the trial was held and the results show that International ranked number one with Blandin and Great Northern following.

Representatives printed samples were given to Mr. C. C. Randolph, Publisher of Business Week magazine. In his opinion, he felt that all suppliers were similar and at that point, the decision was made to buy from the above concerns.

McGraw-Hill plans for Blandin to supply all body stock paper going into W. A. Krueger, and Great Northern and IP to be the supplier into William Press.

Early last month, we witnessed the initial offset run of Business Week printed entirely on Great Northern paper. Both McGraw-Hill and Williams Press people are quite pleased with our paper and the progress we have made.

Congratulations must be given to all concerned, especially Product Development and Manufacturing for, without their help and cooperation, the success we have had to date would not be realized.

It has been announced by J. T. Maines, V. P. - Woodlands, that R. E. Farnham, Administrative Assistant, in addition his other duties, will have charge of personnel matters, insofar as Timberland Management personnel are concerned.

THE STORY OF PALETTE + PLUS

Henry Ford once said this about his customers: "They can have any color car they want, as long as it is black." Such an attitude may have been good business then, but increasing affluence and changing marketing concepts have now made it unworkable, both in cars and paper. For example, until the last few years, only white toilet and facial tissue was available. Now it is virtually all colored; in fact, it is difficult to find white tissue in a supermarket.

In its original concept, Great Northern was a 100 percent newsprint producer. With a vast supply of natural resources, the Company was very successful and content with the times. Then. . .beyond the horizon loomed. . .CHANGE. Times changed. Markets changed. Demands changed. Great Northern rose to the challenge of change like a rainbow trout rising for a fly. It met that challenge and satisfied the markets and its demands so well that from it, like a butterfly emerging from a cocoon, came a new Great Northern, a company that now devotes only one third of its facilities to newsprint. As it entered the publication printing market, colored newsprint emerged. It is called Palette Printing.

Now, as in times past, CHANGE is lurking in the shadows, but this time something is different. Great Northern is the one attempting to pull the strings that draw back the curtains of change.

A year ago, Great Northern began active promotion of a new colored groundwood grade line called Palette + Plus. Marketing surveys indicated a possible large potential for colored specialties which might be particularly rewarding. Eighteen colors were developed as standards for this line with the cooperation of the DuPont Color Council.

To the Graphic Arts industry, the combination of colored inks and colored paper provide an unlimited

color variations that did not exist before. Palette + Plus truly represents a medium through which creative artists have a new dimension to express ideas.

Great Northern has demonstrated its ability to manufacture these grades profitably. Over 1,000 tons of Palette + Plus have been shipped as trial orders to customers like Fawcett, Curtis, J. C. Penney, and Greater Buffalo Press. This paper has been used in Woman's Day, Ladies Home Journal, True Magazine, Business Week, and in several newspapers as inserts. A recent edition of the Millinocket Journal contained a supplement printed on Palette + Plus deep orange. In each case, customer response has been very favorable. Trial rolls sent to Time-Life and Playboy have also stirred the interest of these two giants. The New York Times and their largest advertiser, R. H. Macy, are very enthusiastic. Palette + Plus is in its infancy but already the potential is most exciting. Applications in fields other than publication printing are being actively pursued.

Oh yes, why the name? We already had Palette Printing and more color were added, so Palette + Plus seemed a natural!

A one-day seminar on "Improving Supervisory Skills" was held in Atlanta, Georgia, recently. The seminar was conducted by Dr. Howard Wilson, Director of Management Conferences of Human Resources Development of the Industrial Education Institute, a private institute specializing in management development.

Representing Great Northern from the Southern Division were Bobby C. Jackson, Safety and Training Coordinator; George E. Van Goethem, General Production Superintendent; and Waylon C. Lacey, Plant Engineer.

Those attending reported this was an excellent and worthwhile conference.

"American Forest" magazine,
March issue, contained an article
by author Mike Frome who was
stationed at Presque Isle during
World War II and who recently made
a return visit. In commenting on
his return trip, he said:

"Surely I saw the Allagash
country, where spruce and fir regen-
erate rapidly, in better condition
than at any time since loggers
first arrived. The improved manage-
ment suggests a passage from 'A
Wilderness Bill or Rights:' the
great work of Justice William O.
Douglas. 'Although it is often
condemned as such, logging is not
necessarily destructive to wilder-
ness,' he wrote. 'Where trees are
harvested on a selective-cutting
basis, there is always a forest
remaining. The forest as a wild-
life habitat is usually not dis-
turbed and may even be improved,
while the forest as watershed pro-
tection remains inviolate.'

"The fact is that as much forest
is growing in Maine in the 1960's as
when the first settlers arrived
there three centuries ago. And this
is good, not solely for the qualities
of life for Maine people, but for
the entire country. The North Woods
and, indeed all of Maine, are an
American heritage.

"Two years ago I went north again,
through some of the holdings of the
Great Northern Paper Company, the
largest landowner in the state. The
company controls more than two
million acres, but, as I observed,
not solely to feed cellulose to its
mills at Millinocket. It has on its
property thirty-eight miles of the
Appalachian Trail, which it respects
and protects; a large section of land
bordering the Allagash, plus thousands
of miles of road open to the public
for canoeing, camping, hunting and
fishing. The company was doing many
things to make its lands more attrac-
tive, more accessible, safer from
fire and other hazards.

"At that time Great Northern was
embarking on a program to expand
wilderness-type recreational facilities
still further, a public use of high

quality, compatible with protecting
substantial land areas for continuous
renewal of forest products in an
efficient yet natural growth cycle.
Thus it was heartening to receive
word recently that the company is
leasing several thousand cottage
sites, printing recreational maps and
brochures, maintaining gates with
gatekeepers on three main roads, and
maintaining back country campgrounds
through leases to local men. Along
the Allagash, Great Northern has
sold 20,000 acres to the Maine Park
and Recreation Authority as the core
of the new state-administered River
Waterway, and presented 700 acres,
including the Allagash Falls, the
scenic climax of the entire canoe
trip, for public ownership. With
it all, this company reported record
production of paper, sales and earn-
ings for the past three years.

"As cities grow and megalopolis
spreads habitation in solid bands for
hundreds of miles, the North Woods
of Maine become a more and more
valuable treasure.

"That sentence sounds like some-
thing I might have written. But it
comes from a Great Northern brochure
on 'Recreation in Northern Maine,'
which is filled with references to the
need of 'preserving the wild beauty of
forest land....' 'preservation of
plenty of natural forest where animals
and birds can find food and breeding
grounds. . .,' and 'doing everything
possible to preserve and protect Maine's
forests.'

"The words are music to my ears.
Conservative forest management, recre-
ation and tourism are highly desirable
and beneficial land uses. They offer
much more to the State of Maine than
industrial development, which can only
exploit, deplete and destroy its natural
resources for the short-range benefit
of a handful of absentee investors
while creating few jobs at best.

"Through tourism, wildlife and
sustained-yield forestry the amenities
of life in an outdoors setting are con-
served, and the land itself can remain
to serve future generations. I hope for-
esters and conservationists will find a
way of stressing this outlook."

"The \$10 Million Drop of Water"

is the heading used by Bob Elliot in his Campers, Tent and Trailer column of the Boston Herald-Traveler, February 23 issue. In his column, Mr. Elliot commented as follows:

"Campers in New England who frequent campgrounds in Maine will be happy over two pieces of reclamation news, one to occur on the coast and the other well inland.

In Thomaston, site of the Dragon Cement Company's big operation and where dust has drifted several miles in the past, a new structure will be completely dust free when completed.

The second project is announced by Great Northern Paper Company under a heading, 'The \$10 Million Drop of Water.'

'It's a drop of Penobscot River water,' the company explains, and adds:

'During 1969, Great Northern will take another major step in its continuing program to make that drop of water cleaner. This year, Great Northern will put into operation at Millinocket (the approach-town to 200,000 acre Baxter State Wilderness Park) the largest recovery boiler of its kind in the world.

'Using waste from the pulping operation for fuel, the boiler will consume hundreds of tons of industrial waste products every day.

'It will convert a good part of these waste products into re-useable chemicals. The rest will be burned. Most important, this material will be removed from the Penobscot. And that means cleaner water in one of Maine's great waterways.

'This \$10 Million pollution control and abatement project is just a part of Great Northern's continuing conservation and recovery program,' the announcement adds.

Campers who fish, and most of us do, will see a nice tie-in between Great Northern's project and the attempt being made to re-establish salmon runs on the Penobscot river."

A one-day seminar relative to a "New Behavioral Concept of Management" will be held in Dothan, April 8, for the Southern Division's Management employees (Superintendent and above). The seminar will be conducted by Dr. Ervin Williams, Management Department, Georgia State College. Seminar involves six-hour period covering Psychology and Management, Effective Leadership Styles and Results Oriented Management.

WOULD YOU BELIEVE. . . . Every newborn owes \$1,730?

Assuming children learn mostly by example, parents may find it increasingly difficult to sell their offspring on the benefits of being frugal.

Government statistics show that every child born in the United States comes into the world owing \$1,730, his share of the federal debt, which now exceeds \$360 billion.

Later on, when the child is old enough to work, he can help pay off the the interest on the debt, now about \$15 billion annually.

What about the debt itself? Unless the trend is reversed, an even bigger deficit legacy will fall to our children's children.

R. C. Keef, Pulp Mill Superintendent announced that the three existing Pulp areas - Wood Room, Groundwood, and Sulphite - will be changed to two areas.

Carrol Freeman will be in charge of "Wood Processing," which incorporates all existing Wood Room facilities plus the Grinder Room. This is currently set up as Area 4.

Fred Fowler will be in charge of "Sulphite and Pulp Processing," which incorporates all existing Sulphite facilities plus the Groundwood Screen Room. This is currently set up as Area 7.

" PERSONNELITIES "

NEW EMPLOYEES

EDWARD A. PUMPHREY, III, rejoined the Southern Division as Mechanical Engineer, reporting to Waylon Lacey, Plant Engineer. Ed is a graduate of Clemson University where he received his BS degree in Mechanical Engineering. In August 1965 Ed was employed by Great Northern as Assistant Mechanical Engineer, a year later was promoted to Mechanical Engineer, and held this position until March, 1968. He has since been employed in Engineering with Pineville Kraft Corporation, Pineville, Louisiana.

GEORGE SHOWN has joined the Sales Department as Newsprint Serviceman, reporting to C. D. Tiedemann, Manager - Newsprint Sales. Prior to joining GN, Mr. Shown was Pressman in Charge with the Newark Star Ledger.

NICK K. THOMPSON rejoins Great Northern in the new position of Field Instrumentation Engineer, reporting to H. D. Acres, Manager of Engineering. In addition to overseeing the installation of the present MgO Recovery project, he will be responsible for the check-out, calibration, and startup of all this instrumentation equipment. Nick comes to us from Brown Paper Company.

J. DAN WOODWARD joins Great Northern as Purchasing Agent, reporting to T. M. Knight, Manager of Purchases. Mr. Woodward comes to us from St. Croix Paper where he was employed for 16 years, his last position being Manager and Supervisor of Inventory Control & Stores.

PERSONNEL CHANGES

JOSEPH E. FARMER is being promoted to the position of Industrial Relations Assistant in Cedar Springs, reporting to W. E. Lloyd, Industrial Relations Manager.

THOMAS M. KNIGHT has been promoted to Manager - Purchases in the Northern Division, reporting to J. F. Marquis, Director of Purchases and Stores.

WARREN A. RICHARDSON has been promoted to Control Engineer at the Millinocket Control Department, reporting to J. M. Giffune, Control Superintendent. His previous position was with the Pulp Research Group in the Research & Development Department.

TERMINATIONS

PERLEY A. BOUCHER has resigned from his position of Control Engineer in the Millinocket Control Department.

IDUS M. COOPER, JR. resigned from his position as Acting Unit Forester Southern Division Woodlands, to accept a position with a wood dealer.

JOHN A. MAC LEOD has resigned from his position of Power Systems Technical & Maintenance Superintendent at Millinocket to accept employment with Stone & Webster in Panama.

W. PETER MASSMANN has resigned from his position of PACE Project Technician in the Controller's Department.

RICHARD V. OSBORN resigned from his position of Technical Executive Assistant in the New York office to accept a position with another paper company.

Enclosed with this month's issue of your Newsletter is a copy of the vacation rules affecting monthly salaried employees.



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VII No. 11

MILLINOCKET, MAINE

Friday, February 21, 1969

The Control Department made a commitment in 1968, as part of the Company's Profit Improvement Program, to study the fiber loss at the Millinocket mill and how it affected the cleaners, retention aids, and save-alls. As a result of this study, the Sewered Fiber Loss Job was developed and started up February 11. Briefly, the system will operate as follows: rejects from the paper machine cleaners and screens, groundwood cleaners, and sulphite cleaners will be recollected in a small sump located in the Beater Room basement. From there, they will be pumped into a 4,000 gallon collection tank in the washer building, and then through a primary and secondary cleaner system located adjacent to the tank. Accepts from the cleaners will be collected in a sump and pumped to the groundwood primary screen stock spout. It is expected that this system will recover 13 tons of rejects per day.

A show of photographs relative to the pulp and paper industry, taken by Maurice Castagne - a GNP consultant, is presently being exhibited at the Eastman-Kodak Exhibit in Grand Central terminal, New York City.

The show began February 10 and will continue through March 2. Included in the showing are four or five panels featuring the Company and the startup of No. 3 paper machine at Cedar Springs.

The complexity of our electric and steam power systems has reached the point where it has become necessary to restructure via consolidation all related staff and supervisory organizations. Basically, all the facilities that generate and distribute either steam or electricity will be collectively known as the Northern Division Power System. As such, the new structure reports to the Manager of Manufacture and is staffed as follows:

R. H. Hale, formerly Chief Electrical Engineer, has become Power Systems Manager, reporting directly to the Manager of Manufacture. K. L. Fish, formerly Power Systems Engineer, has become Power Systems Operating Superintendent, reporting directly to the Power Systems Manager. J. A. MacLeod, formerly Superintendent of Power, has become Power Systems Technical and Maintenance Superintendent, reporting directly to the Power Systems Manager. The Steam Superintendents, P. T. Illingworth and C. R. Merrill, will continue with their present responsibilities; reporting, however, to the Power Systems Operating Superintendent. C. R. Tweedie has transferred from Central Engineering to this Power Systems organization as Power Systems Engineer.

The Company has purchased 1,026 acres in Township 4, Range 5, in the western part of the State of Maine near the Quebec, Canada border. This gives Great Northern 100 percent ownership of the area better known as Penobscot Lake Township.

Paper production for nineteen weeks ended February 10, 1969. . . .

Production:	1969		1968	
	Tons	Daily Avg.	Tons	Daily Avg.
Cedar Springs	255,070	1,890	227,194	1,853
East Millinocket	146,165	1,058	153,322	1,111
Millinocket	126,902	918	117,860	854
	528,137	3,866	498,37	3,818

CEDAR SPRINGS MILL

Repairs to No. 2 precipitator have been completed. The precipitator started up January 20 after being down since the Christmas holiday, at which time the precipitator was extensively damaged by fire.

The truck-purchased chip unloading system was started up February 12. This system is capable of unloading thirty cords of chips per hour.

A new aerator for the waste pond was recently purchased. This unit will be used as a standby when maintenance is necessary on the other units.

The secondary refining system was successfully started up on February 12. It is expected that this system will improve stock quality and improve plate life on the primary refiners.

The long-log slasher operation at the Elba Woodyard in Alabama was started up February 10. This operation will supply both the paper mill and the plywood plant with 750 cords per week.

The fire protection system for No. 2 pine chip tunnel and the hardwood chip tunnel will be completed the week of February 17.

Equipment has been ordered for the liquor-circulating system for No. 2 digester. It is expected that this equipment will improve stock

quality by having recirculation on both digesters.

Contractors have started painting the remainder of 01 Power House and equipment. To date, all but three floors have been completed.

EAST MILLINOCKET MILL

No. 3 paper machine started up January 27 after being down four weeks for a major rebuild, including the installation of a new fourdrinier. It is expected that this rebuild will result in improved operations and the ability to produce specialty grades.

No. 4 paper machine was shut down February 10 for a wet end rebuild. This will include a new fourdrinier, couch pit, and headbox, as well as other important maintenance work. Work is proceeding on a two shift basis; and when completed, the machine will be capable of producing a cleaner and better formed sheet.

No. 6 paper machine was shut down February 7 for 24 hours to install a Venta-nip second press.

A new five machine production record was set February 12 when 1,109.8 tons were produced.

Job 2466 - Provide a Flexible Woodyard at East Millinocket. This system started up reasonably well after some adjustments were made to "G" conveyor. Work involved in this project included the construction of a new belt conveyor,

adding building heat to the Wood Room, enclosing "C" conveyor, and building a bark building to enclose the bark hand-up conveyor and bark trucks for winter operations. This project will allow for the debarking operation to continue year round.

A trial was conducted January 23 and 24 using Swift adhesives in the tube winding operation. Various dilutions were used until the best results were obtained with approximately 43 percent water. The speed of the tube winder was increased to a maximum of 20 2/3 fpm with only minor difficulty encountered. Crush strengths did not show any appreciable change from results obtained when silicate is used. The lengths of the trial did not present evaluation of the daily usage; and consequently, no cost comparison could be made. A longer trial to obtain these figures is being planned for the near future.

MILLINOCKET MILL

No. 3 paper machine calender stack has been installed and was started up February 10. This project involved the installation of a four-roll calender stack with top and bottom swimming rolls, using the existing frames. It is expected that this project will result in quality and operating improvements, as well as reducing downtime.

Extensive repairs to No. 9 paper machine dryer section have been completed and the machine started up February 3. This work will enable the machine to run at increased capacity and with improved quality.

A new record coater production of 6,328.9 tons was made in the fifth accounting period. The previous record was established in the first accounting period of fiscal 1969, amounting to 6,271.0 tons.

FROM RESEARCH & DEVELOPMENT

Today, everyone's life is touched by computers. Your check is prepared and printed by a computer; your checking account is handled by the bank's computer; your bills for gasoline credit card purchases, magazine subscriptions, insurance premiums, etc., are prepared by a computer; -- we could go on and on. The word "computer" for many people creates an image of a magical thinking machine that never makes a mistake, that only geniuses can "talk" to, and whose answers shouldn't be questioned.

Since our children's lives will be affected by computers even more than ours, the Applied Mathematics Group thought that some of the computer misconceptions ought to be exposed.

Dave Parker presented a brief course on computers and computer programming to several mathematics classes at Stearns High School. Each class received approximately three hours of instructions. The Programma 101 desk top computer, which is portable and easy to program, was used in the course. The Olivetti-Underwood Company then loaned a Programma 101 to the school so that students could write and run their own programs.

The students learned to write the "language" of this computer. They also learned that a computer doesn't solve problems; it only performs the additions, divisions, etc., that are required after it has been given the necessary numbers and told exactly what to do with them. Some students discovered that it will also make every mistake you tell it to. Most important, the students discovered that computers are useful tools and that average persons can quickly learn how to use computers.

The snow survey made on February 13 and 14 showed an average snow depth of 45.8 inches with a water content of 11.9 inches.

WOODLANDS NEWS

In the Aroostook Area

The Alderic Milliard camp has completed hauling and the camp closed as of January 30. Raymond Guerette's camp is the only one still open with about 7,000 cords of tree-length wood yet to be delivered. It is expected that this camp will close the last of February. There are still approximately 5,000 cords of tree-length wood to be trucked from the Fish Lake area to the Portage Chip Plant.

The Portage Chip Plant resumed operations on January 21 after being down three weeks because of a shaft failure. Production since startup is the best yet - about 1,000 cords per week. A shortage of chip cars curtailed production for one week. The number of knives being used in the chipper disc was increased from five to ten in order to try for a better quality chip and to cut down on knife changes.

In the Pittston Area. . . . The Henri Marcoux camp completed hauling February 8, the earliest finishing date since he became a Contract Foreman. It is expected the other two camps will finish the latter part of February. Unusually heavy snowfall this year has made this one of the most difficult years in memory for hauling. Pittston has recorded 142 inches of snow as of February 11.

Several hundred miles of property lines are being re-marked and painted this winter. The maneuverability of skidders has made this much more important than in the past. Well-marked property lines are necessary to prevent trespassing by our operators on lands of others, and vice versa. Also, very complete and accurate records are kept on the amount of wood cut on individual townships. The distance around an average Maine township is 24 miles.

"Phil" Bartram, Public Relations Supervisor, Woodlands, was a recent guest on the Bud Leavitt Show, a sportsmen's oriented show aired weekly on WABI-TV, Channel 5, Bangor. Phil discussed the Allagash Park and the multiple use of Company lands, with emphasis on recreation. He noted the increased use of Company roads by snowsleds this winter and outlined some safety precautions to be observed by operations using Company-owned plowed roads. He noted there were over 20,000 snowmobiles in operation in Maine and countless miles of unplowed roads for these vehicles to use. He pointed out that the Company plows had made turnouts on plowed roads so that the operators may park their cars and trailers without blocking the roads while they take off into the wilderness. Phil was also guest speaker at a regular meeting of the Katahdin Women's Club of Millinocket.

* * * * *

Maine Pulpwood Exceeds 205 Million Cords. . . . Pulpwood in Maine is normally harvested in four-foot sections from trees having at least a five-inch diameter at breast height.

To be classed as pulpwood, a tree must have at least eight continuous feet of its stem suitable for pulpwood.

According to U. S. Forest Service estimates, Maine has a standing timber inventory of more than 205 million cords of pulpwood.

* * * * *

Industrial Forestry in the Northeastern States is an article appearing in the Northern Logger and Timber Processor magazine, prepared by the Forest History Society.

In the January issue, Part III of this article mentions GNP and some background on the Woodlands Department.

WHAT ARE OUR FRINGE BENEFITS? This was the question asked of four members of Salary and Benefits - Messrs. Ed Grindle, Joseph Farmer, Stan Hawes, and Charles Parsons. They were challenged by 52 supervisors undergoing specialized training in Great Northern policies and procedures. Needless to say, our subject matter experts found a group of employees interested and curious in the topic "Fringe Benefits." This second of a series of six major topics scheduled this Spring was especially well attended in spite of bad weather. Future subjects are: "Cost Control," "Quality Control," "Problem Solving and Decision Making," and "The Supervisory Manual." Each topic is presented by the Company's own supervisors in their areas of specialization and directed to the specifics as they apply to work and needs of Great Northern and its employees. In the group discussions following the subject presentation, which are also led by supervisors, the applicability to the practical situations are explored. Participation in this program has been confined to the group of supervisors originally enrolled in the Research Institute of America. Any expanded effort in this direction will depend upon results gained from this pilot study.

DID YOU KNOW?

That in addition to the salaries being paid to Great Northern monthly salaried employees there is at least 20 percent more paid in the form of taxes, health and welfare benefits, and various security programs for the benefit of the employee and his family. At Great Northern the loading factor does not include vacations, holidays, and sick leave; if it did, it would be closer to 30 percent.

TAKE FOR EXAMPLE

Your salary averaged \$1,000 per month in the year 1968, you completed five years of service, you are married, and were away from the job five days during the year because of illness...

HERE IS WHAT YOU RECEIVED FOR A YEAR'S SERVICE

1. Pay For Time Worked	\$10,753.91
2. Pay For Time Not Worked	
Vacations (3 wks @ \$230.76/wk)	\$692.28
Holidays (7 @ \$46.15 each)	323.05
Sick Leave (1 wk)	<u>230.76</u>
	<u>\$ 1,246.09</u>
Total Wages	\$12,000.00
3. Benefits For Self And Family	
Group Ins. (Life, AD&D, CME, LTD)	\$319.44
Social Security Taxes	343.20
Unemployment Taxes (3,000 @ .9 per- cent)	27.00
Pension Plan	787.50
Workmen's Comp. Insurance	9.91
Profit Sharing	<u>960.00</u>
	<u>\$ 2,447.05</u>
Total Salary and Value of Benefits	\$14,447.05

NOTE: In addition to the above benefits, which can be related directly to salary, the employee can participate in other programs offered by the Company; e.g., the Stock Purchase Plan, the Educational Assistance Program, and the Matching Gifts Program. If the employee is traveling on Company business and meets with a fatal accident, a sum of \$75,000 will be paid to his beneficiary.

PAPER OUTPUT GOES UP, BUT NOT PRICES

(New York Times) The attention of the forest products industry is focused on three key areas: production, which was up sharply last year; prices, which held steady in paper but soared in lumber and plywood; and merger moves, which involved several leading companies in the industry.

In paper, it was a record year for production, with mills turning out about forty-nine million tons of paper and paperboard. That was an increase of seven percent above 1967 output and almost five percent above the previous production high in 1966.

Prices, however, were another story. Despite some stiff increases in labor costs during the year, paper prices showed little change. Late in the year, they were about one percent higher than they had been a year earlier.

Industry observers see some signs that prices will move a bit higher in 1969, but they do not expect overall demand and production to show appreciable increases over last year's levels.

Profits, however, are likely to continue their rise of 1968 as high-volume production enables manufacturers to carry on more efficient operations. Earnings also should benefit from increased efficiencies, made possible by the installation of new machinery in recent years.

One factor that will help paper manufacturers this year is a slowdown in the heavy increases in productive capacity in recent years.

The trade organization said that capacity, now at 56.7 million tons, would be increased by 3.9 million tons in the next three years, compared with a rise of 8.5 million tons in the last three years.

While paper makers were looking ahead to move balanced supply-demand relationships, lumber and plywood manufacturers were in the midst of a boom in demand that at times outstripped available supplies, sending prices into a steep upward spiral.

Factors in the boom included a rise in construction activity from

the relatively slow pace of 1967, the aftermath of cutbacks in production that followed that slowdown, and restricted supplies of sawlogs that resulted in part from increased exports. Military construction in Vietnam continued to drain large amounts of lumber and plywood from domestic markets.

The result was some pricing fireworks that were unusual even in a business accustomed to erratic price behavior. At the end of the year, indexes of lumber and plywood prices were up almost 20 percent from the preceding year's levels and some of the key products had almost doubled in price.

The Georgia-Pacific Corporation, a major plywood producer, tried to slow down the price spiral in December when it announced reduction on quarter-inch sanded panels from \$118 to \$110 a thousand square feet. A year earlier, similar panels sold for \$64 a thousand square feet.

The American Plywood Association estimated that softwood plywood production in 1968 amounted to almost fifteen billion square feet, compared with thirteen billion square feet in 1967.

On the merger front, the biggest news of 1968 was the proposed merger of the St. Regis Paper Company with the Radio Corporation of America. St. Regis is one of the largest companies in the forest products industry with annual sales of about \$775 million.

In other moves, International Telephone and Telegraph acquired Rayonier, a large pulp producer; Gulf and Western Industries bought control of the Brown Company, a pulp and paper manufacturer, and Continental Can announced it was studying the acquisition of Nekoosa-Edwards Paper.

Forest products companies also did some acquiring of their own. United States Plywood-Champion Papers entered the furniture business through the acquisition of Drexel Enterprises, and Boise Cascade moved into the truck, bus, and mobile home field by acquiring Divco-Wayne.

The Maine Chapter of the Institute of Electrical and Electronic Engineers (IEEE) sponsored a Student Program at the University of Maine February 12 to enlighten the electrical engineering undergraduate on what to expect when he enters the world of industry. David L. Dunham, an Engineer in the Electrical Engineering Department of Central Engineering, was one of the five panel members. The program was deemed highly successful, and Dave's contribution was very much appreciated.

Great Northern was well represented at the 54th Annual Meeting of TAPPI held in New York City, February 16 - 20 during Paper Week. Attending from the Northern Division were: R. J. Shinnors, Vice President - Northern Division; S. B. Weldon, Manager of Manufacture; R. H. Hale, Power Systems Manager; A. E. Dentre-mont and C. H. Reed, Mill Managers; K. L. Fish, Power Systems Operating Superintendent; and J. R. Adams, Manager of Personnel.

Those attending from Engineering were: H. D. Acres, Manager of Engineering; P. I. Firlotte, Project Manager; D. G. Griffiee, Process Engineer; and F. W. Lindsay, Chief Design Engineer.

V. F. Mattson, Technical Director; A. B. Danforth, Senior Research Chemist; and P. D. Hubbe, Paper Research Supervisor attended from Research and Development.

Attending from the Southern Division were G. E. Van Goethem, General Production Superintendent; and R. E. O'Donnell, Technical Services Superintendent.

Beneficiaries. . . . The employee has the right to change his beneficiary(s) at any time. It is important to remember that when a beneficiary(s) change is desired, there are three benefits that must be considered; i.e., Group Life Insurance, the Monthly Salaried Retirement Plan, and the Incentive Profit Sharing Plan.

ANNOUNCEMENTS --

By R. J. Shinnors, Vice President-Northern Division. . . . RALPH E. CLIFFORD has resigned from his position as Manager of Woods Operations - Northern Division. Mr. Clifford will remain available however to the Vice President - Northern Division in an advisory capacity for the time being.

JOHN F. MARQUIS, Corporate, Director of Purchases and Stores, will take on the additional responsibility of managing the Pulpwood Procurement group.

By S. B. Weldon, Manager of Manufacture - Northern Division. . . . G. F. PECKHAM will assume the responsibilities of General Production Superintendent while C. D. Bears convalesces. Because Mr. Peckham will need to devote his full attention to this responsibility, H. N. PACKARD will relieve him of his duties as Coating Superintendent. In turn, J. M. GIFFUNE will cover the Control Superintendent's position, R. D. VIOLETTE will come to the Millinocket mill as Senior Area Engineer in Plant Engineering, and W. R. HEAL will report to the East Millinocket mill as Technical Assistant to the Paper Mill Superintendent, R. W. Noyes. W. E. PEASE will become Day Foreman and Assistant Paper Mill Superintendent at the Millinocket mill, where R. M. HERSEY will move up to Day Foreman, while R. E. GROSS, JR., will move to Technical Assistant to the Paper Mill Superintendent, B. E. Gerry, Jr.

A new Retirement booklet is being printed and will be distributed before the next issue of your Newsletter. The new booklet incorporates the changes that became effective January 1, 1969. It has been prepared in two sections. Section I is devoted to questions and answers and examples of retirement. Section II is the Plan in detail, as previously printed.

" PERSONNELITIES "

NEW EMPLOYEES

GLEN D. HAISTEN joined the Southern Division as Design Draftsman, reporting to Waylon Lacey, Plant Engineer. Glen attended Auburn University for two years, majoring in Engineering. Prior to joining Great Northern, Glen was employed by Blaum Industries of Dothan, Alabama, as Pre-Fab House Construction Supervisor.

JOE J. MARTIN will join the Northern Division Personnel Department as Administrator - Industrial Relations in charge of industrial relations over both mills. A graduate of the University of Florida, Joe is presently employed with Celotex Corp., New Orleans, Louisiana.

TODD STIFFEL, a native of Berwyn, Pennsylvania, has joined the Controller's Department at Millinocket as Systems Programmer, reporting to A. C. Richards, Systems Supervisor. Todd will receive his degree in Economics from Ursinus College in June, 1969.

PHILLIP M. TEAGUE joined the Southern Division as Unit Forester, reporting to Jim Bush, Area Superintendent. Phillip is a 1964 graduate of the University of Georgia where he received his BS degree in Forestry. Prior to joining Great Northern, Phillip was employed by Charles R. Page & Associates, Forest Consultants of Chattanooga, Tennessee.

PERSONNEL CHANGES

In the Controller's Department at Millinocket --

ELLIOTT R. BOYD, JR., Staff Accountant, has been promoted to the position of Supervisor, General Accounting. ROBERT E. WIGGINS, Internal Auditor, has been promoted

to the position of Supervisor, Pulpwood Accounting. DONALD J. PLOURDE, Budget Analyst, has been promoted to the position of Staff Accountant.

In Central Engineering --

DAVID L. DUNHAM has been promoted to Engineer in the Electrical Engineering Department at Millinocket.

TERMINATIONS

J. "BILL" DOBSON has resigned from the position of Manager, Purchases and Stores - Northern Division to accept a position in Miami, Florida.

EDWARD HAMBY resigned from his position as Unit Forester at Southern Division Woodlands to accept a position with a private contractor.

COLEMAN R. LARLEE, Assistant Paper Mill Superintendent at Millinocket, has resigned to accept a position at St. Francis, Quebec.

TIMOTHY W. LUDDEN, Supervisor, General Accounting, has resigned to accept a position in Portland, Maine.

DANIEL P. PIERCE resigned from his position as Mechanical Engineer at the Cedar Springs mill to accept a position with another paper company.

ROBERT N. WASHBURNE resigned from his position as Industrial Relations Assistant at Cedar Springs to accept a position with another paper company.

DEATH

THOMAS K. LAZURE, 79, retired Groundwood Foreman at the East Millinocket mill died recently. Tom first came to GN on December 1, 1919, and retired 30 years later on December 1, 1949.



GREAT NORTHERN PAPER COMPANY

NEWSLETTER

FOR MANAGEMENT EMPLOYEES

Volume VII No. 10

MILLINOCKET, MAINE

Friday, January 24, 1969

TWO NEW DIRECTORS JOIN GREAT NORTHERN PAPER BOARD

Two new directors, Minot K. Milliken, Vice President and Treasurer, Deering Milliken, Inc., and Nathan R. Owen, Chairman, General Signal Corporation, were elected to the Board of Great Northern Paper Company at the Annual Meeting of Stockholders January 21.

They join ten incumbent directors, including Peter S. Paine, Great Northern Chairman and Chief Executive Officer, and Robert A. Haak, President, who were re-elected at the same time.

Before joining Deering Milliken in 1941, Mr. Milliken was associated with J. P. Morgan & Company and Mercantile Stores Company.

A graduate of Princeton University, he is a director of the Irving Trust Company, Mercantile Stores Company and National Distillers & Chemical Corporation.

With General Signal since 1962, Mr. Owen was responsible for developing this railroad supply firm into a broadly based industrial concern. Before assuming the management of General Signal, Mr. Owen was for 11 years a partner with J. H. Whitney & Company, a venture investment firm. He is a graduate of M.I.T. and a director of Thomas Industries, Marine Midland Banks, Inc., a bank holding company, and Foseco, Ltd.

Other members of Great Northern's Board are: Hoyt Ammidon, Richard G. Croft, Luke B. Lockwood, E. Spencer Miller, John J. Neely, Walter D. Sanders, Frederick K. Trask, Jr., and James W. Walker.

New York, N. Y., Thursday, January 16 -- Great Northern Paper Company today reported slightly lower earnings on a 15 percent increase in sales in the first fiscal quarter ended December 22.

Net income for the twelve-week period amounted to \$3,491,000 on sales of \$41,162,000, \$165,000 less than the \$3,656,000 earned a year ago.

Primary earnings per share were \$1.07 in 1968, compared with \$1.13 last year based on the average shares of Common stock outstanding and issuable upon the conversion of convertible Preferred stock.

Fully diluted earnings per share (formerly reported as pro forma) amounted to \$1.02, as compared with \$1.08, and assumed the conversion of all outstanding convertible securities.

Investment tax credit reflected in first quarter earnings totaled \$300,000 this year and \$572,000 last year, accounting for a reduction of \$.09 in earnings per share. The 10 percent Federal income surtax, which did not apply to last year's first quarter, further reduced earnings by \$221,000, or \$.07 a share.

In his interim report to stockholders, Peter S. Paine, Great Northern Chairman, said the Company's lower earnings were a reflection of the substantial increases in the cost of pulpwood, labor, materials and transportation incurred during the period. He also noted that power costs in Maine were higher than normal for the quarter due to unusually low water conditions.

(Continued next page.)

Looking ahead, Great Northern's Chief Executive said there had been a firming of prices in the container-board segment, and that price increases for both linerboard and corrugating medium had been announced effective February 1. A general price increase of from three to five percent on the Company's printing grades, with the exception of coated papers, became effective January 1, 1969.

Shipments of paper and board for Great Northern's first fiscal quarter amounted to 338,935 tons, an increase of 44,141 tons, and 14 percent ahead of the comparable period of last year.

"MAINE IS STILL LAGGING IN POLLUTION ABATEMENT --

To what end education? Are we to give our youth a better education and let them continue to dwell peacefully as educated men and women, along the spoiled rivers and the smelly streams?

To what end superhighways, weaving in and out across the State and nowhere escaping the stench?

It is not with any pleasure that one reads of the hundreds of millions of dollars which this state is about to spend and nowhere find any money set aside for the abatement of pollution.

Would it not be possible to use ten percent of the total appropriation to make a start at solving this problem?

The Great Northern Paper Company should be honored for their contribution. It appears that at least one great industry proposes to do more than its share. It should have been helped by the State. All honor to them!

The Highway Department might say they would lose Federal contributions by curtailing the mileage they propose to build, but the Federal Government would also contribute for the abatement of pollution."

Letter to the Editor, Portland Press Herald.

At the Annual Meeting in Millinocket on Tuesday, January 21, Peter S. Paine, Chairman of the Board, presented interesting comments on past, present, and future aspects of Company operations.

Mr. Paine explained the change in concept of the Board of Directors, which has been predominately Company officers for a number of years. With the divisionalization of the Company, it would be awkward to attempt a uniform representation of officers. The only Company representation remaining on the Board is the Chairman of the Board and the President - the other ten members represent outside interests.

Mr. Paine commented on the favorable earnings of the past fiscal year, and reviewed the reduced earnings for the first quarter of the new year. He stated that the cost-price squeeze was expected to continue through the current year, probably to the tune of between \$5 and \$6 million in additional costs to the Company. He also commented on some offsetting factors to the cost-price squeeze; namely, the general price increase on January 1, 1969, of from three to five percent on all printing grades, except coated papers; the prospects for the firming up of linerboard prices; and the Profit Improvement Program from which an estimated savings of about a million dollars was realized in the past fiscal year.

He stated that \$22 million was spent in the last fiscal year for capital improvement - roughly \$15 million in the Northern Division and \$7 million in the Southern Division. He stated that between \$16 and \$18 million has been appropriated for the current year, much of which will go toward the MgO recovery plant at Millinocket that is scheduled to start up next November.

As for the future, Mr. Paine said a number of major programs were being studied, and that it is hoped that an announcement of such a program can be made before the year is over.

Paper production for fifteen weeks ended January 12, 1969

<u>Production:</u>	<u>1969</u>		<u>1968</u>	
	<u>Tons</u>	<u>Daily Avg.</u>	<u>Tons</u>	<u>Daily Avg.</u>
Cedar Springs	190,260	1,894	165,229	1,813
East Millinocket	109,611	1,062	113,385	1,101
Millinocket	94,653	917	88,164	856
	<u>394,524</u>	<u>3,873</u>	<u>366,778</u>	<u>3,770</u>

CEDAR SPRINGS MILL

During Christmas shutdown on December 26, a fire was discovered in the south side of No. 2 precipitator. The fire was quickly extinguished, but extensive heat damage was done to internal plates, hangers and tile walls. This delayed the scheduled startup of No. 3 paper machine approximately thirteen hours.

Installation of two secondary refiners in the NSSC pulp mill is continuing on schedule, and they should be operating by February 3.

Equipment for a liquor-circulating system for installation on No. 2 digester is on order.

Study is continuing on feasibility of fiber reclaim from the process waste clarifier.

Work is complete on the filter plant sludge treatment installation, and the system is operating satisfactorily.

Work on the long-log slasher system at Elba, Alabama, is nearing completion, and the slasher is scheduled to go into operation the first week in February.

The No. 2 truck-purchased chip unloading facility is nearing completion and is scheduled to start up the first week in February.

An all-out effort is being made to clean up the woodyard and chip-

handling facilities. Several modifications to chutes, etc., are being made to prevent spillage at conveyor transfer points.

EAST MILLINOCKET MILL

No. 3 machine at East Millinocket has been down since Christmas for major rebuild work. This work includes such items as a new fourdrinier, several new dryers, two new clutches, a calender crown compensator, and a new dry-end pulper. Considerable other maintenance work is being performed while the machine is down.

Nos. 7 and 8 grinder motors were started up on 60-cycle power December 26. Although several tests remain to be run on these grinders, they have been running steadily with success. We have taken 10,000 hp from No. 7 motor and 9,000 hp from No. 8 motor with ease. We are able to do this by the change from 40-cycle power at 267 rpm to 60-cycle power at 400 rpm. This in turn raises the surface speed on these pulpstones from 4,600 fpm to 7,000 fpm.

A trial was run on the tube winder on January 9, using 13 plies of Appleton paper with 3 plies of Great Northern paper. Approximately 3,976 feet of 3 1/16th I. D. tubing were made and have been cured in the drying oven. Crush strengths show an average of 1,042 pounds, compared with an average of 470 pounds for tubing made from all Great Northern paper.

MILLINOCKET MILL

The new central additive system was started up the week of January 7. This system is composed of retention aid make down and storage; dye make down and storage for three colors - red/green, yellow, and blue-white; and filler make down and storage for three opacifying filler combinations.

Operation to date has been relatively good; minor modifications will be made to the color systems and to the starch system to provide positive control of materials metered to the paper machines.

The new system will produce a savings in the handling of raw materials and add flexibility to grade mix capability, particularly in the area of opacifying fillers.

Pre-retirement planning has just entered an experimental stage at GN. Salaried employees between the ages of 60 and 65 have been advised by Mr. Haak that they have been chosen to participate in a program known as the Retirement Planning Workshop. The program does not reflect any change in Company policy regarding retirement. It is purely an experiment to see if it will produce the favorable response that many companies have obtained - Union Camp, for one.

The Workshop is comprised of 24 portfolios that cover five general subjects-- money, health, activities, living arrangements, and personal guidance. Generally, the portfolios are mailed to the employee's home once a month, over a 2-year period; but because this is an experiment, they are being mailed at the rate of two a month over a 1-year period. The exception is a person retiring during the year who will receive the complete set properly arranged in a binder.

Later in the year a survey will be made of all participants to see if the program is serving its purpose of helping the employee make better plans for many happy years of retirement.

Employee Benefit Costs Rising Faster Than Earnings -- Employee benefit costs have increased 75% in the last ten years, according to the U. S. Chamber of Commerce, while at the same time, earnings have gone up 44%. As a percentage of total pay, benefits now account for 26.6%, compared to 21.8% ten years ago. In dollar terms, average weekly earnings now stand at \$124.32 and weekly benefit costs are \$33.06 for each employee.

Benefits showing the largest increases over the ten-year span are Social Security (179%), discounts on goods and services bought from the company (150%), profit-sharing payments (114%), and insurance (112%). Total payments for all benefits amount to \$100 billion.

The lowest pension payments were made by department stores at \$1.71 per week. By industry, oil companies have the highest employee benefit bill with payments of \$48.82 per employee each week.

When the Queen Elizabeth II goes into service, it will be a relief for her passengers to know that they will not have to follow world news by attempting to interpret hastily transcribed and typewritten radio news bulletins. Instead, they will be able to read a miniature copy of the London Daily Telegraph with their breakfast. The newspaper will be edited in Fleet Street as the morning paper goes to press, and radioed to the ship where it will reappear as punched tape. Each page will then be printed offset making an eight-page newspaper measuring 15 x 9 inches. The first issue will appear on December 11 when the Queen Elizabeth II begins her acceptance trials. Admittedly, the project will require less newsprint than a conventional paper, but at least it's a small nail in the coffin of the "newspapers are dead" philosophy. If we cannot beat the other media, we can always join them.

Pulp and Paper Magazine of Canada -
December 6, 1968.

WOODLANDS NOTES

Winter hauling is underway at all camps. Barring any unusual incidents, the tree-length wood at Saucier's camp should be all trucked by January 17. One camp in the Pittston area began hauling January 6 and the other two on January 13.

Henri Marcoux started hauling January 6, and the North Branch camps started January 13. Total amount of wood to be moved on snow roads in the Pittston area - 82,364 cords.

A shaft failure shut the Portage Chip plant down on December 31. The plant will be out of operation until after the installation of a new shaft assembly sometime in late January.

Pulpwood cutting has ceased in all Company operations. Mr. Weatherman has handicapped us with from 45 to 52 inches of snow accumulation as per reports from various individuals in the operating areas. An effort was made to resume cutting in the mechanical skidding operations in Aroostook after the holidays, but was soon given up. The last camp closed January 13.

To date, it has been a very difficult hauling season for wood to be delivered from non-gravel roads. The ground is not frozen, so there is plenty of mud to contend with, in addition to the unusual snow depths. Our winter has been mild so far and has not contributed to good ice making at our landing sites for water-delivered wood.

All Company camps in the Pittston area have been forced to stop cutting due to the unusually heavy snowfall. Many of the small independent jobbers cutting hardwood logs have been forced to close their camps also. From November 1, 1968, to January 9, 1969, Pittston recorded 105" snowfall, compared to 95" total for last year.

TRANSPORTATION DEPARTMENT - SOUTH

The Transportation Department was host to eight operating and transportation officials of the Seaboard Coast Line Railroad. Officials visiting Cedar Springs on January 21 included D. C. Hastings, Vice President Transportation and Maintenance; R. F. Murphy, Manager Car Utilization; and W. W. Huckleba, Superintendent Waycross Division. After having lunch at the Guest House, the visitors toured the paper mill, plywood mill, and CIRR facilities.

The transportation of plywood logs on rail flatcars equipped with drop-side stakes and chains and binders has been approved by Woodlands, Great Northern Plywood, Transportation, and the Seaboard Coast Line Railroad. An experimental load moved from our Cairo, Georgia, woodyard to the plywood mill without a loading, transportation, or unloading problem. The Seaboard Coast Line is converting several flatcars for permanent service use between Elba, Alabama, woodyard and the mill.

Representatives from Sales, Scheduling, Shipping and Traffic met in the New York office in December to formulate plans to take advantage of the proposed reduction in rail rates on linerboard and corrugating medium. The proposed rates will be subject to a carload minimum of 100,000 pounds with an incentive rate on the excess which can be loaded in the same car, whereas our lowest rate at present is subject to a minimum of 90,000 pounds. The possible savings in transportation charges resulting from this adjustment is approximately \$100,000 annually.

WATER IN MAINE --

The West Branch storage is now at 8.8 billion cubic feet. This is 15 percent of full storage and 15.9 billion cubic feet below rule curve.

The name Schenck is synonymous with Great Northern. Garret Schenck, Sr. (the grandfather of Priscilla Schenck) moved from Weston, Massachusetts, to Bangor, Maine, in the 1880's to further his interest in development of the Penobscot River. He became a Director of the old Penobscot Chemical Fibre Company at Old Town and a Director and Manager of what was then Webster Paper Company in Orono, Maine. In 1890, he became one of a group who developed the Rumford Falls Paper Company mill.

In 1898, International Paper Company, designed to produce three quarters of the country's newsprint, was formed through acquisition of some twenty mills throughout the United States. Garret Schenck, Sr., was then Manager of the Rumford Falls Paper mill, and agreed to its sale to IP on the condition that he would hold an official position in the new company. He did -- he was elected a Vice President, but it turned out to be only an insurance function. This undoubtedly, irritated Mr. Schenck. However, he already had an "ace up his sleeve." Unbeknown to anyone, a few years prior (around 1895-96, while plans for International Paper were being formulated), he very quietly joined into a partnership with a Charles Mullins who had in mind to develop the water power of the Penobscot as an attraction for formation of mills to which it would sell the power. Charles Mullins and his group had already obtained a Charter for what was called the Northern Development Company. Hence, Mr. Schenck resigned from International Paper in 1898; the old officers of Northern Development were literally "thrown out;" and he became the new President. It was from the Northern Development Company that Great Northern Paper Company was formed in March of 1899. Mr. Schenck became President and Manager, which position he held until the time of his death in January, 1928.

Mr. Schenck's oldest son, Garret Jr. (Priscilla's father) was born in Bangor, Maine, August 8, 1883. He joined Great Northern at Millinocket in January, 1911, as a Superintendent. His assignment was to set up the Bureau of Economy, a forerunner of what is now the Research and Development Department.

The function of the Department at that time was to test the lubricating oils, the BTU of coal, wood yields, and, of all things, the milk and water in the Towns of Millinocket and East Millinocket. (This was at the time of a typhoid epidemic that made it necessary to set up isolation hospitals in the Towns of Millinocket and East Millinocket.)

In May, 1918, Garret Jr. was transferred to the Company's main office in Boston as Assistant General Manager to Vice President and General Manager, Mr. Whitcomb. He remained in this position until his death in December, 1925, at the age of 42.

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YOUR 1968 INCOME TAX

Those who itemize their income tax returns are allowed to deduct one-half the cost of their medical insurance up to a maximum deduction of \$150 for the year.

Under the Group Insurance Plan for monthly salaried employees administered by the Company, the employee's cost of the Comprehensive Medical Expense for the calendar year 1968 was \$6.85 per month with dependents, and \$1.95 per month without dependents.

If you were in the Plan for the entire year, the deduction would be \$41.10 or \$11.70 respectively. The remainder may be claimed as a medical expense, provided the total medical expenses exceed 3 percent of your gross income.

This does not include the cost of any other medical insurance which you may have purchased individually or otherwise.

A RECAP OF 1968

For Great Northern Paper Company, 1968 was another year of progress on many fronts.

Record Sales, Earnings

Despite inflationary factors, especially increased labor and material costs in the latter half of the year, the big forest products concern ended its fiscal year last September 29 with record sales and earnings. This was the fourth consecutive year that Great Northern showed such improvement.

Net sales revenue reached \$154.5 million, 15.6 percent greater than the \$133.7 million registered in fiscal 1967. Net income amounted to \$14.97 million, an increase of 9 percent.

Maine Shipment at All-Time High

Great Northern also set new records in the shipment of 632,000 tons of newsprint and coated and uncoated groundwood specialty printing papers from its Maine mills during 1968. This total represents an increase of 10,500 tons over fiscal 1967 and is considered impressive since Great Northern added no new production equipment in 1968. However, modernization programs were continued at both mills and included the installation of a 25,000 kilowatt steam turbine generator and a new 60-cycle transmission system which will contribute to further operating efficiencies.

\$10 Million Pollution Abatement Program

Construction of a chemical recovery system at the Company's Millinocket sulphite mill, underway since January 1968, will be completed late this year. A \$10 million capital commitment to pollution abatement, this project will be an important step in cleaning up the Penobscot, since it will enable Great Northern to reclaim between 70 and 80 percent of its pulping chemicals

and to generate increased power from the burning of waste liquor as fuel.

New Chip Plant at Portage

1968 also marked the completion and startup of a modern plant at Portage for the production of wood chips for Great Northern's Millinocket mill. Very large loads of tree-length logs are now trucked over the Company's extensive road system to the new plant where they are debarked, chipped, and shipped by rail to Millinocket.

Wilderness Gifts to Maine

Last November, Great Northern donated two of the most scenic sections of the Allagash Wilderness Waterway to the State of Maine. The blocks of land totaled 770 acres and included Allagash Falls, a natural drop of approximately 40 feet on the lower river, and the Company's partial ownership in the south shore of Allagash Lake.

In accepting the land, Governor Kenneth M. Curtis thanked Great Northern and commented, "These gifts reaffirm Great Northern's long history of cooperation with state resource projects dating back to the establishment in September, 1931, of Baxter State Park. Much of this 200,000-acre wilderness area came from Great Northern properties."

Always interested in providing for the multiple use of timber and water resources, the Company said at the time that it felt state management of the Allagash area would continue to insure visitors a unique wilderness experience without altering the availability of the timber supply so necessary to the economy of Great Northern and the State of Maine. Shortly thereafter, Great Northern announced that it had reached agreement with the Maine State Park and Recreation Commission for the sale of 20,000 additional acres for the Allagash Wilderness Waterway.

" PERSONNELITIES "

NEW EMPLOYEES

WADE F. CLARK joined Southern Division Woodlands as Unit Forester, reporting to Wendon Warr, Area Superintendent. Mr. Clark is a 1965 graduate of the University of Georgia where he received a BS degree in Forestry. Prior to joining Great Northern, he was employed by Escambia Treating Company, Pensacola, Florida.

R. LARRY CRAWFORD joined the Southern Division as Associate Chemist, reporting to Dick O'Donnell, Technical Services Superintendent. Mr. Crawford is a 1968 graduate of Florida State University where he received a BS degree in Chemistry.

PERSONNEL CHANGES

RICHARD E. COLBURN has been promoted to Senior Systems Analyst in the Administrative Services Department at Millinocket, reporting to Alden C. Richards, Systems Supervisor. Dick joined the Company in June, 1967.

CARL T. GARRETT has been promoted to Electrical Foreman at the Cedar Springs mill, reporting to Leon Cox, Electrical Supervisor. Carl has been with the Company since February, 1964.

H. RICK OILER returned to the Chicago Sales office to assume the duties of his previous position of Junior Salesman. Rick has been on a six-months' military leave of absence.

DREW B. THOMPSON has been promoted to Mechanical Supervisor, reporting to Jim Malsberger, Assistant

Woodlands Manager, South. Drew has been with CN since October, 1968.

TERMINATIONS

WILLIAM D. MONGOVAN, a Service Representative with the Company since 1963, has accepted a Sales position with another paper company.

JOSEPH C. "BOB" PREBLE resigned from his position as Director of Employee Relations to accept a position with another paper company.

" WHO ' S NEWS "

Robert J. Shinnors, Vice President - Northern Division, has been elected to the Board of Directors of the Syracuse Pulp and Paper Foundation of the State University College of Forestry at Syracuse University, Syracuse, New York.

William W. "Jack" Ricketson, Mill Manager - Cedar Springs, is presently serving as Chairman of Southern Division PIMA. The Southern Division includes the states of Texas, Louisiana, Mississippi, Arkansas, Alabama, Georgia, Florida and Tennessee.

Previous to becoming Chairman, Mr. Ricketson served as First Vice Chairman of Southern Division PIMA.

Robert C. Jackson, Safety and Training Coordinator at Cedar Springs, presented a program to approximately 350 Early County High School students. Subject of the program was relative to "Opportunities in Paper Industry" and specifically at Great Northern Paper.

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A new booklet on the Salary Administration Program is being distributed with this Newsletter to all active monthly salaried employees. As stated in Mr. Haak's opening letter, the booklet is essentially the same as the original edition, except for minor changes.